RNI No.35850/80; Reg. No. MCS-123/2018-20; Published on: Every alternate Monday; Posted at Patrika Channel Sorting office, Mumbai-400001 on every alternate Wednesday-Thursday ₹100

Business India
THE MAGAZINE OF THE CORPORATE WORLD
January 24-February 6, 2022

- INDIA-UK FTA
- GODAVARI BIOREFINERIES
- INOX GFL
- SANGAM INDIA

PSUs

The jewels of India are not favoured by investors. Is it just a perception problem? Will solutions work?

VISIT…

iifl.com

IIFL FINANCE
BUSINESS LOAN

Take your business to greater heights with IIFL's Business Loan

Quick finance for all your business needs

Insta Loan
up to ₹10 lakhs

Business Loan
up to ₹50 lakhs

Terms & Conditions apply. Loans at sole discretion of IIFL

For enquiries, give a missed call to **865 240 7000**

Publisher Ashok H. Advani

Executive Editors Lancelot Joseph, Daksesh Parikh, Sarosh Bana
Deputy Editors Shonali Shivdasani (Mumbai), Sajal Bose (Kolkata)
Consulting Editors Dr. Shashank Shah, Sunil Damania (Mumbai), Sekhar Seshan (Pune)
Assistant Editors Arbind Gupta, Ryan Rodrigues, Kayus Wadia (Mumbai), Yeshi Seli (Delhi)
Principal Correspondent Krishna Kumar C.N. (Mumbai)
Photo Editor Palashranjan Bhaumick
Photographers Prakash Jadhav, Sanjay Borade
Design Trilokesh Mukherjee
Art Director Mukesh Pandya
Graphics Prajakta Sawant
Cartoonist Panju Ganguli
Manager – Design Cell Mathew Thomas
Production Team Balachandran, Kisan Kumbhar, Najeeb Fatehi, Sudhir Khaladkar, Vasant Dhasade

Sr. Vice President – Advertising Sales Naresh Purohit (Delhi), Mira Lawrence (Mumbai)
Asst. Vice President – Advertising Sales B. Anand (Hyderabad)
General Managers – Advertising Sales Deepak S. Ahire, Shahnoor Mistry, Pankaj Bhasin (Delhi) Sumati Rekhi (Chennai), Salman Khalil (Lucknow)
Asst. General Manager Advertising Sales Aasif Iqubal (Delhi)
Sr. Manager-Sales & Distribution S.S. Kannan (Chennai) 28353964

Editorial & Administration Office: Nirmal, 14th floor, Nariman Point, Mumbai 400021. Tel: 22852943 Fax: 22883940
Email: biedit.mumbai@businessindiagroup.com

Marketing and Advertising: Nirmal, 14th floor, Nariman Point, Mumbai 400021. Tel: 22883938-46 Fax: 22883940
Email: bipladvtg.mumbai@businessindiagroup.com.

Circulation/ Subscription: Mittal Chambers, Office No.94, 9th Floor, Above Yes Bank, Nariman Point, Mumbai 400021. Tel: 22820619/22820348
E-mail: subs@businessindiagroup.com

Bangalore: 27 Wellington Street, Richmond Town, Bangalore 560 025, Tel: 080-22102444, Telefax: 080-22102446

Kolkata: Krishna Villa, 100 Park Street, Kolkata 700017. Tel: 22893359 Telefax: 22878455

Delhi: 268 Masjid Moth, Uday Park, New Delhi 110049, Tel: 011-41643052 / 41643050 / 41640109 / 41086415

Hyderabad: Pent House II, Usha Deluxe Apartments, Motilal Nehru Nagar, Begumpet, Hyderabad 500016 Telefax: 040-66490099

Chennai: Prasad Chambers, III Floor, Flat No. 14, Door No. 97A, Peters Road, Gopalapuram ,Chennai 600 086. Tel: 044 28351703 / 28353964 / 28353394

Kochi: DRA-6, Mahila Samajam Nursery Road, Chaliakkavattom, Dhanya Junction, Vennala P.O. Kochi 682028. M: 9846091797

Lucknow: Sunshine House, 9/11 (M.N.H.S), Sector 9, Vikas Nagar, Lucknow-226022 Tel : 0522-6565222/ M: 09415180290.

Registered Office: Nirmal, 14th Floor, Nariman Point, Mumbai 400 021. Tel: 22883938/47 Fax: 22883940

Annual Subscription Rates
India ₹2,210
Students (India only) ₹1,300 for 1 year on submission of current year's ID card.
Overseas (One year only) Airmail to Pakistan ₹9,400 or US$142.
To all other countries ₹13,200 or US$240
Rates include airmail charges.
Please add ₹20 for cheques not drawn on a Mumbai bank.
Cheques to be drawn in favour of "Business India Publications Ltd".
Unsolicited manuscripts will not be returned.
Distribution India Book House Ltd
Newsstand ₹100
This issue consists of total 68 pages including cover

WE ARE ON **www.businessindiagroup.com**

Business India

Public Sector Undertakings (PSUs) were set up to occupy "the commanding heights of the economy" as steps to a socialist state. Some sectors were reserved for the public sector on ideological grounds. In other areas, Nehru and his advisors believed that the private sector misbehaved, or more often did not have the resources or the will to invest in large scale enterprises, often with long gestation periods. As a corollary, a wave of nationalisations followed. Airlines, Life Insurance, electricity distribution companies, and passenger bus transport were nationalised one after the other. At the same time a series of new companies from Hindustan Antibiotics, to Bharat Heavy Electricals (BHEL) were set up from scratch. At the same time, the private sector faced severe licensing and exchange control regulations, coupled with higher corporate and personal taxes, which effectively stifled private capital formation and mobilisation.

Five years after Nehru's death, his daughter, Mrs Indira Gandhi, in a series of desperate political ploys, seeking to boost her falling popularity, unleashed a fresh wave of large-scale nationalisation. She nationalised the leading banks in 1969, and followed it up with nationalisation of general insurance and coal. Later she even nationalised a bunch of textile mills as a gift to the nation!

Economic historians will add up the costs and benefits of this policy. But it will be difficult to measure, as part of the costs, the opportunity cost of these policies for the nation, and the hundreds of millions of individual citizens.

But the purpose of this cover story is not an ideological debate. Starting with the collapse of the Soviet Union, much of Indian society believes that nationalisation is an idea whose time has come and gone. But we are still saddled with the relics of history. The new mantra is that the government has no business to be in business. Yet at all levels of government – Centre, State and even municipal – there is a lingering resistance to let go of functions that governments ought not perform. Worse, in the meantime, mismanagement and destruction of value continue apace.

The Jan Sangh (which became the BJP) had opposed bank nationalisation, yet neither was the Vajpayee government, nor is the Modi government is, willing to let go – in spite of the continued enormous destruction of value. Over the last 12 years alone, successive governments have pumped in over ₹3.35 lakh crore into the banks, almost all of which have been lost. The total market cap of the top 5 government banks is less than that of HDFC bank! Again, to put things in perspective, State Bank of India, over 200 years old, with a reach to every corner of the country, with about 24,000 branches, is valued at ₹4.5 lakh crore, while the 30-year-old HDFC Bank, with 5,780 branches is valued at ₹8.32 lakh crore!

The value destruction is so clear when tiny Singapore's government holding companies, Temasek and GIC are valued at well over $1 trillion, while our public sector units are valued at a fraction of that. A more recent example, the government struggled to get ₹18,000 crore for the pedigreed Air India, but in five years it will be valued five times that at ₹100,000 crore.

Business India has always argued that the best way for government to protect value of the assets it holds in trust for the people would be to keep selling its holding in all PSUs, in tranches, in the stock markets. When the markets accept that the government is set on dropping its holding below 51 per cent, and even down to 0 per cent, then the government will be able to realise the full true value of its PSU holdings.

Ashok H. Advani

COVER FEATURE
18
The Underdogs
PSUs have been reduced to a shadow of their former glory. Unless corrective action is taken quickly, many of them will be relegated to the 'also ran' category

CORPORATE REPORTS

GODAVARI BIOREFINERIES **31**

Having made rapid strides in green chemicals and ethanol, Godavari Biorefineries' growth momentum is just starting

INOX GROUP **36**
With a decisive edge in the fluorochemicals segment, Inox GFL is at the forefront of reaping dividends

MALLCOM INDIA **40**
A large exporter of industrial PPE, Mallcom India is expanding its capacity on the back of the emerging market

SANGAM INDIA **44**
Production-linked incentive (PLI) scheme to propel Sangam India's exports

MERGERS & ACQUISITIONS

46
The acquisition of Neal Analytics deepens Fractal's cloud AI offerings, expanding its presence in North America

SPECIAL REPORT

Whisky for visas 26
Will the early-harvest FTA by Easter be just about that?

◆Government & Politics 13
- IRDA chairman's post vacant for 9 months
- Defaulting sugar mills face the heat
- States woo Tesla for its India plant

◆Retailing 47
Wahl is looking to launch its global best sellers

◆ Energy 48
ARIS BioEnergy converts used cooking oil into bio-fuel

◆Hospitality 50
With four openings in a challenging year Welcomhotel is expanding rapidly, even as parent ITC Hotels is introducing two new brands to its portfolio

◆Edu-Tech 52

Veranda Learning Solutions is building scale through acquisitions

◆CSR 54
A charitable trust gives hope to the disabled

◆States 56
The Bengal government is exploring to set up Kolkata's second airport under the Centre's guidelines

◆Editorials 6
- The fudge called EBR funding should end
- Continuing net losses will keep stretching the balance sheets of airlines
- The operators are increasingly getting into a better shape than before which is good news

◆Business Notes 12
- Transparency is gaining importance as the US Cotton Trust Protocol has focused on sustainability and transparency

◆Market News 60
- As the fifth fastest growing packaged food, AWL eyes the IPO market

◆Interview 66

Harish Rawat, the man in charge of Congress in Uttarakhand says, "If voted to power, we would create an Uttarakhand, free from unemployment, inflation and migration"

◆ IN THIS ISSUE ◆

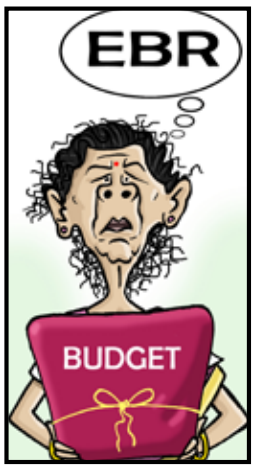
Books	61
Business Notes	12
Businessmen in the News	10
Columns	16,30,35
Corporte Reports	31
Cover Feature	18
CSR	54
Editorials	6
EduTech	52
Energy	48
From the Publisher	3
Government & Politics	13
Guest Columns	43,49,58
Hospitality	50
Interview	66
Listening Post	9
M&A	46
Market News	60
Panju's Page	17
People	64
Retailing	47
Selections	63
Special Report	26
States	56

Issue No. 1118 for the fortnight January 24-February 6, 2022.
Released on January 24, 2022

Printed and published by Ashok H. Advani for Business India.
Printed at Usha Offset Printers (P) Ltd., 125, Govt. Indl. Estates, Kandivili (W), Mumbai.
Published at Business India, Wadia Building, 17/19 Dalal Street, Mumbai-400 001.
No reproduction is permitted in whole or part without the express consent of Business India
To order reprints contact: Business India Production Cell, 14th floor, Nirmal Building, Nariman Point, Mumbai-400 021. Tel: 2288 3942/43, 2204 5446

Budget transparency

The fudge called EBR funding should end



In her Budget speech last year, Finance Minister Nirmala Sitharaman made a commitment to discontinue extra-budgetary resources (EBR) funding for the Food Corporation of India (FCI), in a bid to clean up the Central government's balance sheet and end below-the-line accounting. As a result, the EBR provision for 2021-22 was just ₹30,000 crore against ₹1.26 lakh crore in 2020-21. To bring the FCI loans 'above the line', the finance ministry allocated more than ₹1.45 lakh crore to FCI as on 31 December 2021. The rest of the subsidy expenses is to be provided before 31 March, 2022, so that FCI's balance sheet remained clean. This year, according to reports, even the ₹30,000-crore provision remains unutilised. As a result, off-budget financing this year can be negligible or even zero. This is a move that will surely be hailed by economists and policy-watchers as it makes budgeting a more transparent process.

EBR were integral, if frowned upon, part of budgets. In simpler terms, this refers to allocations made from money outside of revenue or borrowings, through means such as the National Small Savings Fund (NSSF), and fully serviced bonds like the bank recapitalisation bonds. The biggest recipient of off-budget financing through NSSF loans has been the FCI.

This was usually done to keep spending below the line, in a way that they would not reflect in the fiscal deficit numbers of the government. That is why experts, the Comptroller and Auditor General (CAG) and the International Monetary Fund have repeatedly raised the issue of India's fiscal deficit numbers being understated.

The Financial Responsibility and Budget Management (FRBM) Act requires the Central government to reduce its fiscal deficit to 3 per cent of GDP. All governments have missed this hallmark of financial prudence but continue to swear by it. State and Central finance ministers often find revenue falling short of expectations, and new populist schemes keep breaching spending estimates. But governments don't want to be seen breaking FRBM targets. So, instead of cutting unproductive spending, they resort to two fudges.

The governments simply do not to pay their dues, and let these payments spill over into the next year. This strategy lessens the actual cash outgo in the current year and gives a fictitious impression of fiscal prudence. However, this means the next year starts with an inherited burden, which is then countered by even more delayed payments in subsequent years. The amount of liability accumulates over time. The second big fudge is to finance fiscal deficits not by formal budgeted borrowing but by off-budget borrowing. Instead of Central and state governments borrowing to fund their deficits, they force their own public sector entities to do the borrowing. The overall economic impact is the same. Yet the budget gives a false impression of fiscal prudence. Sitharaman has tried to tackle the second problem.

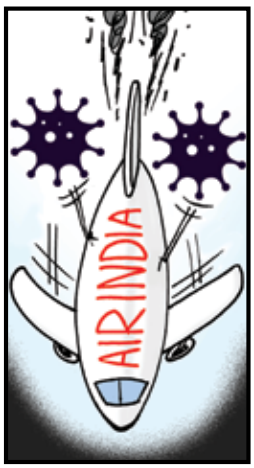
Clearing the entire food subsidy dues to the FCI for the current fiscal, despite an additional expenditure obligation of ₹1 lakh crore under Pradhan Mantri Garib Kalyan Anna Yojana launched as an economic response to Covid-19 in April 2020, is a bold reform. One needs to just recall that the fiscal crisis faced by FCI had reached an alarming level by the end of 2019-20, when total outstanding dues of FCI rose to ₹2.43 lakh crore against the finance ministry's allocation of ₹75,000 crore under the food subsidy budget. Because of less provisioning of food subsidy budget for FCI against the expenses by FCI, the corporation was forced to avail loans from various sources.

In the past, the extra budgetary nature of these off-budget borrowings meant that these borrowings did not figure in the fiscal deficit calculations and therefore did not paint an accurate picture of the economy. That is why Sitharaman's moves were widely welcomed last year. If reports are to be believed, there is now a possibility of a continued process of moving off-balance-sheet borrowing on NHAI to on-balance sheet. This will ensure a still better transparency in the overall numbers.

Of course, it will result in higher borrowing numbers which in turn may push INR Government Securities to yield higher with 10-year moving higher, say, towards 6.80 per cent by April 2022. Some will say it is a small price to pay for clean and transparent budgeting and the FM must continue with it as it sets a moral template for fiscal management. Others feel it will hurt growth. The dilemma would not have been there if the government had been able to meet its revenue targets, including the ambitious one on disinvestment. ◆

Will 'sanity' return?

Continuing net losses will keep stretching the balance sheets of airlines



India is heading towards the third wave of Covid-19, but the domestic aviation sector is headed for a crash and is flying towards record losses this fiscal. "The third wave of the pandemic, high aviation turbine fuel (ATF) prices to delay recovery beyond next fiscal. India's airlines are flying towards their steepest-ever net loss of more than ₹20,000 crore this fiscal – 44 per cent more than the ₹13,853 crore bled last fiscal,' states a CRISIL report.

This would push back the industry's recovery beyond fiscal 2023, a CRISIL ratings analysis based on three large airlines – IndiGo, SpiceJet, and Air India – which have a 75 per cent share in domestic traffic, shows. To be sure, domestic air traffic had seen a swift recovery after the second Covid wave and reached 86 per cent of pre-Covid levels in December 2021 (compared with December 2019), while regular international flights were expected to start after January 2022. Talking about taxes, no industry (except alcohol and maybe cigarettes) pays this much. A few days ago, IndiGo announced the industry pays 21 per cent of its turnover as taxes to the government.

However, the third wave has already caused domestic air traffic to plummet 25 per cent in the first week of January. A similar trend was observed during the second wave in April and May 2021 when air traffic declined 25 per cent and 66 per cent, respectively, on a sequential basis.

The three large airlines have already reported a net loss of ₹11,323 crore in the first half of fiscal 2022. The sharp jump in domestic air traffic would have cushioned the losses in the third quarter, but the net loss will increase significantly in the fourth quarter as the third wave has brought back travel restrictions and flight cancellations.

Domestic passenger load factor (PLF), a key operating metric, improved to 80 per cent in December 2021 from 50 per cent in May 2021, driven by increasing passenger traffic. Although PLF improved, it remained significantly lower than the 88-90 per cent in pre-pandemic times, leading to persistent operating losses.

Continued suspension of scheduled international flights is further hurting the sector as international routes are generally more profitable. Besides the decline in passenger traffic, high ATF prices, which account for a third of the operating cost, will accentuate pressure on profitability. ATF prices had hit an all-time high of ₹83 per litre in November 2021, rising from an average price of ₹44 in fiscal 2021 and ₹63 in April-June 2021.

While ATF prices declined 6-8 per cent in December 2021 and January 2022 because of the reduction in value-added tax by various states, they remain high at ₹77-78 per litre. Says Rakshit Kachhal, Associate Director, CRISIL Ratings: "Persistent operating losses led to a 35 per cent increase in debt (excluding lease liabilities) to above ₹54,000 crore from March 2020 to September 2021. Continuing net losses will keep balance sheets stretched, leading to a negative outlook on the sector."

While the increasing Covid-19 infection will sharply impact air traffic over the next few weeks, CRISIL Ratings expects a swift recovery from March 2022 onwards. In this milieu, airlines are likely to continue to conserve cash, including deferring maintenance as well as major capital expenditure, while renegotiating leases of aircraft and keeping a leash on other fixed costs.

During the post-pandemic phase, and after the sale of Air India, experts, analysts and those vested in the industry see the next wave happening. Government and industry sources estimate that by 2028-2030, the total Indian fleet will cross 1,000 aircraft.

Two or three distinct trends are expected over the next decade or so. One, growth will be slower for a host of reasons and may not return to 20 per cent levels although it will stay robust. Many in the sector expect a 9-10 per cent CAGR over the next 10-odd years.

And now, the big bull, Rakesh Jhunjhunwala, has entered the business with India's youngest and greenest fleet, the Akasa Air brand, which is built on the clear promise of delivering a warm, reliable, and affordable travel experience. Akasa, which has ordered 72 MAX aircraft, should start operations in 2022-23 and Jet Airways 2.0 is likely to start in the second quarter of the year.

In general, will 'sanity' return to the skies? This may take longer in India. Many argue that the new Tata airline – if it gets its act together – may emerge as India's answer to Emirates, Singapore Airlines and Lufthansa. ◆

A positive signal?

The operators are getting into a better shape than before which is good news

It's becoming an enveloping trend across the sector. Last week, when Reliance Jio announced its results, a specific point of interest for every analyst was its Average Revenue Per User (ARPU) number. And on the expected lines, it reported an increase which is quite modest – ₹151 as against ₹143 in the last quarter. For Reliance Jio, it is the peak ARPU level which they had touched in October- December quarter in 2020 before the outbreak of the second phase of the pandemic.

Just a few days prior to it, Vodafone- Idea (which is trying to make a comeback on the basis of regulatory support announced by the government early last year) had also announced an increase in its ARPU from ₹109 in the second quarter to ₹115 this quarter. Airtel is yet to announce its Q3 number but its ARPU in the second quarter had stood at ₹153 which was an improvement over the previous quarter figure of ₹146.

The recent numbers have just reinforced the point that leading telcos, in terms of financial performance, now have a better environment. The cut-throat competition unleashed by Reliance earlier and followed by others has already resulted in many players taking the unceremonious exit route. While those who managed to survive – Airtel and Vodafone – had to suffer in varying degrees. In the case of Vodafone, it was almost existential while Airtel was relatively better off in combating the challenge. But the mindless price war is now over and the tide has taken a different turn wherein all telcos including Reliance seem to be unanimous for eyeing more share of their existing customer's wallet. The 15-25 per cent tariff hike as noticed in the last one year by all telcos is the proof of more harmony in the sector. And that the days of price war are completely over.

Alongwith the end of price war, the consistent rise in the ARPU for the last few quarters is also signalling another critical churning – tremendous growth in data usage and the consumers growing willingness to pay for it. It is no secret to anybody that data consumption after the national lockdown in 2020 due to first Corona wave has simply skyrocketed and is fast on its way of becoming a common commodity which everybody would need and eventually pay for. "Even without tariff hikes, the sector has been structurally moving towards higher average revenue per user (ARPU) regime as evident from the rising proportion of higher-ARPU data customers in the overall subscriber mix," a leading research agency had underlined in its recent research report. And this is benefiting all telcos. In terms of close association with their consumers or subscribers, Tata Communications may not be on the same pedestal as the three leading service providers. But even within its flat third quarter result, there is clear evidence of its data driven revenue registering a positive growth.

The increasing sectoral ARPU is certainly a positive signal, that is, if you do not consider any kind of price hike for consumers as a serious crime. While it ensures maintaining basic financial equilibrium, it will also prepare all stakeholders including the consumers for the next quantum leap in services and offerings which this sector has to offer in the coming years. Some of the recent reports released by leading credit rating agencies on telecom have shown a marked improvement – mostly from negative to stable – which testifies that the operators are increasingly getting into a better shape than before which is good news.

For long, analysts have been pointing at the need to bring a change in tariff regime wherein the low voice prices and very cheap data rates (India is among the cheapest data markets in the world) will have to be given up to move more confidently and gradually embrace the 5G transition which is round the corner. And market forces are confirming that this has probably begun happening. As per a projection by a research firm, the average ARPU at the end of 2022-23 is expected to further jump to ₹170. Another long-term report on telecom says that to avail all benefits of 5G services in the country, an average subscriber will have to shell out around ₹ 600-700 per month. This would help sustain the 5G services for which telcos will have to make multi-billion dollar investments. From that standpoint, it remains a long-haul story and would be interesting to see how it unfolds even as today with the recent rise in ARPU, there seems to be preliminary signs suggesting stakeholders getting in alignment. ◆

Eyeing IDFC MF

After the sale of L&T Mutual Fund to HSBC Mutual Fund, speculation is rife over the fate of IDFC MF. While Blackstone which was a strong contender for L&T Fund, lost out to HSBC MF, analysts feel it will bid strongly for IDFC MF. Invesco is also rumoured to be a strong contender. While both the heavyweights are expected to slug it out, there is also one section which does not rule out yet another dark horse walking away with the prized assets of IDFC. One may recall that IDFC itself had bid aggressively for acquiring the MF from Standard Chartered Bank.

SIP record

The share of assets under management (AUM) of the funds linked to the systematic investment plans (SIPs) reached a record 15 per cent of the AUM of the mutual fund (MF) industry in December 2021, the data from the Association of Mutual Funds in India (AMFI) shows. The SIP AUM grew by 34.6 per cent annually in the past five years compared with the 18 per cent growth in the total MF AUM. At ₹5.6 lakh crore, the SIP AUM was nearly a quarter of the AUM of equity MFs and 2 per cent of the total market capitalisation of Indian equities. According to industry estimates, nearly 90 per cent of SIP inflows are deployed in the equity funds. In 2021, the SIP linked funds saw an inflow of ₹1.1 lakh crore. The SIP monthly book size expanded in each of the eight months to December. In the past five years, the cumulative SIP inflow was ₹4.9 lakh crore, 1.6 times higher than the flow of foreign portfolio investors (FPIs). Average ticket size of a SIP investor was ₹2,303 per account and its portfolio value was about ₹1.2 lakh at the end of December 2021.

Integrated producer

The Maulik Patel run Meghmani Finechem Limited (MFL), is manufacturer of chlor-alkali products and value-added derivatives seems to be on track on its expansion. The company has a manufacturing facility in Dahej, Gujarat which is a fully integrated complex with a well-established infrastructure and captive power plants. The company is India's fourth largest manufacturer of Caustic Soda, Chlorine and Hydrogen and a leading manufacturer of Caustic Potash, Chloromethanes and Hydrogen Peroxide. The company was a subsidiary of the listed entity Meghmani Organics and after the reorganisation; MFL got listed on August 2021 as an independent entity. MFL is now expanding its product base to include value added derivative products like Epichlorohydrin (ECH), Chlorinated Polyvinyl Chloride (CPVC) and Chlorotoluene and its value chain, which are a key raw material for multiple end user industries, which are presently catered by 100 per cent import. According to a source, the forward and backward integration expansion plan covering ECH, CPVC, caustic soda and captive power is progressing as per plan and will be commissioned as per schedule.

Spooking investors

Investors' fancy for new tech companies is apparently waning fast. Last fortnight saw several of the posterboys of fintech bearing the brunt of investors fickleness. Paytm, on 21 January was quoted at ₹951 as against the 52 week high of ₹1,961. Zomato was down to ₹113 from the 52 weeks high of ₹169. Policy Bazaar was down by 70 per cent and was quoted at ₹864. While one section of the investors feel that it is a reality check, other feel that there is more to it. One section feels that beating the market down ahead of LIC's mega IPO is to ensure that FIIs are able to get the shares at a highly discounted rate to the fair value. They feel that spreading nervousness in the market is to spook the promoters planning to tap the markets through IPOs or FPOs. The government of course has the option not to bow down to unnecessary pressure from the FIIs and sell the jewel of the government cheap.

Expanding base

Home grown e-commerce major Flipkart is betting big on the rapidly-growing domestic grocery space. It has massively ramped up its grocery operations to now serve consumers in 1,800 cities, including Tier II & III cities like Ajmer, Amritsar, Bhuj, Bokaro, Daman & Diu, Dehradun and Kanyakumari. With this expansion, Flipkart is now present in 23 states across the country taking its reach to 10,000 pin codes. Consumers will now have an option to purchase high-quality value-driven grocery products in a safe and seamless manner. At the same time, the expansion will help support local farmers as they leverage the platform to become part of the digital economy. Flipkart has made deep investments in its grocery business for the last two years, and today caters to its pan-India customers through 22 grocery fulfilment centres. These centres are spread across 2.52 million sq. ft. in total, creating thousands of direct and indirect job opportunities and boosting local employment.

Building presence

L&T Technology Services Ltd, a listed subsidiary of Larsen & Toubro Ltd focused on engineering and R&D services, has recently been awarded a deal worth $45 million from a US-based automotive Tier 1 company. As per the deal, the Indian company offering consultancy, design, development and testing services across the product and process development life cycle, will be the strategic engineering partner of the US entity and provide engineering services for its electric vehicle product portfolio. Under the terms of the 5-year agreement, L&T will work with the customers to deliver solutions leveraging its e-mobility technology competence. Notably, this will be delivered from L&T's R&D centre in Krakow, Poland. The company plans to have over 300 engineers working from its Krakow centre in the next three years, marking its expansion into eastern Europe. Over the past year, the Indian company has been recognised for its proficiency in the electric, autonomous and connected vehicle space by global analysts. It has been recognised as a leader in Everest Group's Autonomous, connected, electric & shared mobility automotive engineering study. Zinnov Zones ER&D Services Report rated L&T technology as a leader in telematics and ADAS as well as an overall leader in the automotive vertical. ◆

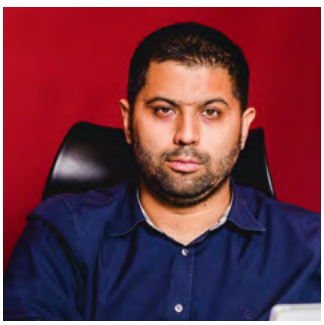
KFin Technologies Private Limited, a SaaS company in India has announced the launch of its new corporate brand identity. "With the financial services participants embracing digital – transformational technologies curated with trust and thought leadership have been playing a pivotal role in redefining the new normal. The positioning of our identity is to reflect our organisation's purpose, strategic direction and strong execution capabilities in transforming mission critical financial infrastructure solutions to be most preferred and proactive solutions provider. The new logo symbolises perpetual transformation and the infinite loop of evolution," explains **Sreekanth Nadella**, CEO, KFin Technologies. The new brand identity has been indigenously designed to symbolise KFintech's transformation and evolution as a company with foundational tenets of trust, technology and thought leadership. The triskelion motif represents a trifecta of the mentioned tenets culminating in transformation representing rotational symmetry, usually denoted by three interlocking spirals. The Golden Ratio ensures that the three arms in the design proportionately follow it, to depict a perfect symmetry and interdependence among its communication pillars. The letter 'K' represents Kinetic energy symbolising the innate energy of the entity in motion. "KFintech as a brand has affinity and resonance to transform and meet the growing expectations of the consumers. The new brand identity and the 'triskelion' in the logo embody the corporate ethos of KFintech," says **Hanisha Vadlamani**, Chief of Brand & Corporate Communications, KFin Technologies. ◆

Mitsubishi Electric Computerised Numerical Controllers (CNCs) has launched a training and demonstration caravan "CNC-on-Wheels". This vehicle was flagged-off from the Mitsubishi Electric, CNC Technical Centre in Peenya, Bengaluru. The "CNC-on-Wheels" is an initiative of Mitsubishi Electric CNC which has its focus on contributing to improvement of the manufacturing ecosystem of India. The "CNC-on-Wheels" consists of two major CNC controls: M80, which is the company's flagship product and E80, which is a product with limited features, aimed at SMSe/MSMEs. The initiative is designed in a way that a qualified engineer of Mitsubishi Electric will always be present during the whole journey of the vehicle in the industrial areas which will lead to numerous benefits to the users. Addressing the "CNC-on-Wheels" launch event, **Masaya Takeda**, General Manager, CNC Systems, Mitsubishi Electric India Pvt. Ltd. said, "It is our prime interest that we are connected to the CNC operators and key decision makers in the metal cutting industry. By deploying a new training and demonstration vehicle, we will support to increase the skill level of our CNC operators as a step towards the government's 'Skill India Mission' and 'Make in India' initiative.' We will continue to support the Indian manufacturing industry like we have been doing for some decades." ◆

The 'Legendary **Yezdi**' is back, and how! The motorcycle brand name that signifies thrill, adventure and free-spiritedness like no other is back to the fore, promising even more for riders across generations. **Anupam Thareja**, Co-Founder, **Classic Legends** said, "It is not every day that you get to celebrate the comeback of an iconic motorcycle, let alone the likes of a legend like Yezdi. While its spirit lived on through its die-hard community and in the mind and hearts of every rider, the anticipation to see it take over the Indian roads again, has been unbelievable. We have the legacy but now we will create our own lineage. Being a motorcyclist myself, this is a moment of catharsis. As custodians of the brand, we made sure that we preserve and celebrate Yezdi's and the Yezdi rider's essence in these new avatars. I am sure every Yezdi lover, will feel that – designed with passion and

indulgent beliefs, then engineered to purpose, to make you fall in love with this motorcycle and motorcycling, again!" Adding to this, **Boman Irani**, Co-Founder, Classic Legends said, "The Yezdi brand is all about stories and emotions. The new Yezdi motorcycles are not just motorcycles, but a way of life. They're a medium for riders to go out there, create more memories and have unparalleled fun while doing so. It is a never-ending adventure that has just gone to the next level!" ◆

Founded in October 2020 amidst the first wave of the Covid pandemic, **Boys and Machines** has come a long way. They started their operations with a showroom in Gurgaon and have expanded to three more cities including Mumbai, Kolkata and Hyderabad. They have plans to expand to Indore, Chandigarh and Ahmedabad in the forthcoming year with



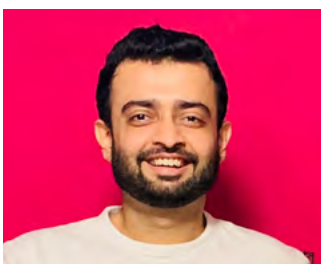
an aim to reach ₹100 crore revenue by end of FY23. "I am incredibly proud of how far we as a business have journeyed in just 15 months. Setting up a business amidst the pandemic was a daunting task, to say the least. However, our success thus far is a testament to our commitment, dedication and passion for creating a pre-owned car brand that sets a new standard for customer service and experience. While we can certainly take pride in what we have achieved so far, we have to at the same time look towards the future. We have ambitious plans to build on our success in the years to come and are confident we can achieve what we have set out to do," said **Siddharth Chaturvedi**, Founder and MD, Boys and Machines. ◆

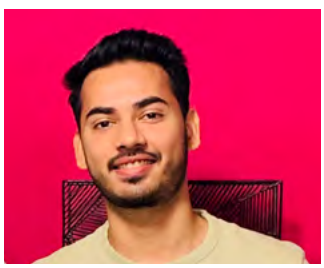
Simpliforge Creations, a provider of additive manufacturing solutions, last fortnight launched its first-of-its-kind Robotic Construction 3D Printer**.** The printer was inaugurated by **Thaneeru Harish Rao**, Minister for Finance, Health and Family Welfare, Government of Telangana, at Charvitha Meadows in Siddipet. Present along with the minister were **Amit Ghule**, Founder & COO, Simpliforge Creations, and **Dhruv Gandhi**, Founder & CEO, Simpliforge Creations. Speaking on the occasion, Rao said, "I congratulate the entire team of Simpliforge for this remarkable landmark and wish them all the best to continue to contribute to the needs of their industry and position Siddipet as the hub of such advanced technology innovations." Expressing his delight on the launch of this innovation, Ghule said, "The current 3D printer can create structures up to 7m in size, making it the largest Robotic Concrete 3D Printer in India, and in fact, the entire South Asian region. Further, the range of the printer can be increased as required. Robotic Concrete 3D printer provides better design versatility and freedom to the designers whilst also being easy to deploy at project sites than gantry style printers, making it attractive to designers and project developers alike." Gandhi said, "At Charvitha Meadows, we are printing a number of artistic elements for its Sanjeevani Park, positioning it to be India's first park of its kind. The design philosophy of Charvitha Meadows is sustainable living with amalgamation of futuristic technologies." ◆

Rediffusion last fortnight announced the appointment of **Ruchira Raina** as Executive Director, South and East. She will be based in Bengaluru. Rediffusion's Kolkata, Bengaluru and Chennai offices will report to her. Raina has over 35 years of experience in media, advertising and marketing. She is a former Managing Director of Dentsu Communications, where she headed the agency from 2003 to 2011. In 2002, Ruchira moved to TVS in brand management. In 2003, she joined Dentsu. Post Dentsu, Raina moved in 2011 to Aircel as head of market research and consumer insights. In 2015, she shifted base to Australia to pursue some entrepreneurial objects. "I have known Ruchira Raina for nearly three decades. She is a marketing powerhouse and a brand dynamo. I have rarely seen anyone as sharp and as committed to clients' brands as Ms. Raina," says Sandeep Goyal, Managing Director, Rediffusion. "For me, Rediffusion is home. I almost feel as if I have not really been away for so long. I have enjoyed some of my best client relationships at Rediffusion. We have produced outstanding work on a number of market leaders over the years and I am looking forward to doing it all over again in this innings. Clients today demand lots more of digital interventions, and luckily in my previous assignments I got to do a lot of that stuff," says Raina, who helped create the 'Give Me Red' campaign for Eveready, amongst others. ◆

Ajit Menon, CEO, **PGIM India Mutual Fund,** says, "the rise in direct investing – driven both by clients investing directly and digital platforms – is serving as catalysts for a digital first audience. Cost consideration aside, the focus on performance has got more accentuated. The trend in asset prices driven by liquidity has probably led more people to believe that they can pick winners whether they be in direct stocks, crypto, thematic funds and the like." He sees a positive on themes like digitization, economic recovery and consumption and remain overweight on IT, capital goods, auto ancillary sectors. Indian IT companies are a major beneficiaries with increased global spend on technology and outsourcing. Indian economy is on a growth path after consolidating for last 5-6 years. This along with push on manufacturing through initiatives like PLI would result in revival of capital spending. "What was already a VUCA world (volatile, uncertain, complex and ambiguous), now seem on steroids. Therefore, this regulatory trend of increasing rules to follow seems more long term," he adds. ◆

HDFC Bank, onboards **Lights Out Studio**, a nuanced product studio headquartered in Bengaluru to add design dopamine to enhance the bank's customer experience. HDFC has collaborated with Lights Out Studio, headed by **Adil Singh** & **Saksham Mendiratta** – the entrepreneurial duo that has worked on multiple high-growth brands like CureFit, Kapiva, Fittr, The Souled Store and now HDFC, to name a few. Ashish Morone, Senior Vice President & Head of Marketing at HDFC Bank said, "Banking has changed rapidly in the past one year. Consumers are not just transacting online, but also spending hours on online experiences. If you didn't evolve with this turning tide, you'd be left out. Saksham Mendiratta, co-founder, Lights Out Studio said, "We would typically shy away from working with traditional banking firms. With HDFC, the reason they came to us was for the injection of a new customer experience and that fit well within what we love creating. ◆





Cotton trust

Transparency is gaining importance as the US Cotton Trust Protocol has focused on sustainability and transparency

The Cotton Council International (CCI), along with the leadership of the US cotton industry, has held the second virtual Cotton Day India (CDI). This year's CDI once again focused on the need for sustainability and transparency in the industry and how companies could use this to create and drive value for all stakeholders. The virtual event featured speakers and panellists from USDA FAS, US Embassy New Delhi, the US cotton industry and allied companies that support the industry with traceability solutions.

"Brands today are increasingly becoming more responsible in their sourcing strategies. Sustainability and transparency are no longer optional. Leading brands today are mapping their supply chains all the way back to spinning mills and are looking for supply chain partners they can trust; it's not just about cost," explains Bruce Atherley, ED at CCI.

"The Indian cotton industry stands at a critical point today. Thanks to cotton, we are seeing a significant recovery in the Indian textile industry. We are seeing increased traction for the US Cotton Trust Protocol, the US cotton industry's sustainability program, and Cotton USA Solutions, our technical consultancy program. US cotton remains the most preferred fibre when it comes to the cotton imported into India", says Peush Narang, CCI Country Representative – India and Sri Lanka.

In a period of ever greater supply chain scrutiny and a growing demand for transparency and traceability, the US Cotton Trust Protocol sets a new standard for more sustainably grown cotton. The Trust Protocol is aligned with existing sustainability programs including the UN Sustainable Development Goals. It brings quantifiable and verifiable goals and measurements to sustainable cotton production and drives continuous improvement in six key sustainability metrics – land use, soil carbon, water management, soil loss, greenhouse gas emissions, and energy efficiency. The Trust Protocol is designed from the ground up to address the unique regulatory and larger farm growing environment of the US.

Atherley: improving growing practices

Lower environmental risk

"The US Cotton Trust Protocol provides brands and retailers the critical assurances they need that the cotton fibre element of their supply chain is more sustainably grown with lower environmental and social risk, and full supply chain transparency. The Trust Protocol proves, measures and verifies US cotton's continuously improving sustainability credentials. The program is built on the efforts of US growers from the past 35 years and their drive to constantly improve growing practices through innovation, knowledge sharing and advancements," adds Atherley.

So, how does it address climate action, especially in the area of water usage, energy reduction and greenhouse gas emissions? Aligned with the UN Sustainable Development Goals, the Trust Protocol brings quantifiable and verifiable goals and measurements for more sustainable cotton production and drives continuous improvement in six key sustainability metrics – land use, soil carbon, water management, soil loss, greenhouse gas emissions, and energy efficiency. By providing data on key environmental metrics, the Trust Protocol sees its role as providing grower members with self-assessment and benchmarking capabilities to improve their operations.

"Over the past 35 years US cotton growers have reduced soil loss by 37 per cent, used 79 per cent less water and 54 per cent less energy, reduced greenhouse gas emissions by 40 per cent and land use by 49 per cent, all while increasing yield by approximately 42 per cent," says Atherley pointing out that US cotton has ambitious environmental impact goals and the Trust Protocol is one way to advance a path to greater success. The Trust Protocol's six continuous improvement metrics align with the US cotton industry's 2025 national goals of decreasing greenhouse gas emissions by 39 per cent, soil loss per acre by 50 per cent, water use by 18 per cent, and energy use by 15 per cent while increasing soil carbon by 30 per cent and land use efficiency by 13 per cent.

Meanwhile, global cotton production is 121.5 million bales, up by 9.8 million bales compared to 2020, with increases from the US, Australia, Brazil, Pakistan and Turkey, and some decrease in China. "India will be almost equal as last year with a slight increase of 0.4 million bales. Global use will be 124.2 million bales, an increase of 3.3 million bales compared to 2020, with a major increase from India, Pakistan and Turkey. Ending stocks will be 85.7 million bales, 2.8 million bales less as compared to last year. Global trade will be lower by 1.5 million bales compared to last year. The US, Brazil, India and Australia will be the major exporters for the year and China, Bangladesh, Vietnam, Pakistan and Turkey will be the major importers," predicts Atherley. ◆

LANCELOT JOSEPH
lancelot.joseph@businessindiagroup.com

Wrong signal

IRDA chairman's post vacant for 9 months

Kumar, Wadhawan: frontrunners

For almost nine months now, since the IRDA (Insurance Regulatory Development Authority) chairman's post fell vacant, there has been speculation on the new incumbent. A month before Subhash C Khuntia stepped down on completion of his term in May 2021, applications were invited to fill the post through an advertisement. Though the process began late, the government has yet to zero in on his successor, sending a wrong signal in terms of regulatory governance.

The advertisement attracted 30-odd applications, of which 12 were from serving bureaucrats, two from serving member of IRDAI and remaining MD and CEO of private insurance companies. It was said that MR Kumar, chairman, LIC, and Anup Wadhawan, secretary commerce, were among the frontrunners for the position.

Even senior serving bureaucrats are nonplussed at the delay and wonder what is preventing the government from appointing a person of its choice. The delay is all the more puzzling as the IPO of India's insurance behemoth Life Insurance Corporation (LIC) is around the corner. Surely, the body that regulates the insurance sector should have a functional head by now.

"The empty post of IRDAI chairman sends wrong signal to millions of policyholders in terms of governance of the insurance sector, especially when the government is selling its stake in LIC," says a former member of IRDA. LIC's will be the largest IPO that India has seen so far and it will also be among the world's 10 largest equity share sale. The government is likely to raise around ₹85,000 crore through a share sale in LIC. LIC has started issuing newspaper advertisements about its proposed IPO and the company is likely to file its draft prospectus shortly.

Powerful post

The importance of a well functioning IRDA can also be gauged from the fact that India's insurance sector is far bigger than the country's mutual funds industry. If the MF industry managed assets worth nearly ₹40 lakh crore and any laxity in regulating them generates hue and cry, then ULIPs (unit linked insurance plans) by life insurance companies alone have an AUM (asset under management) of nearly ₹40 lakh crore. In addition, AUM of traditional policies and annuity funds is more than ₹26 lakh crore and ₹9 lakh respectively. This illustrates that IRDA's regulatory authority is no less important than that of the Securities and Exchange Board of India (SEBI) or the Reserve Bank of India (RBI).

"There is nobody who can bell the cat, hence, the government has found it convenient to run IRDA without a chairman for nine months. The empty IRDA chairman's post ahead of LIC's mega IPO is reflecting poorly on the government's image," said a former member of IRDA. Sources said, there was nobody among the bureaucrats in New Delhi who was taking the responsibility to alert the ministers about the seriousness in appointing IRDA chairman at the time when India is battling the worst of pandemic. Still, the same government machinery has worked swiftly to ensure that LIC's mega IPO does not get delayed further and the fund raising happens during the current financial year itself.

Experts say that government should have started the process of appointment of IRDA chairman at least six months before the incumbent retired, since it is a time consuming process. However, applications to fill the post were invited in April 2021.

An applicant was to have knowledge or experience in life insurance, general insurance, actuarial science, finance, economics, law, accountancy and administration.

As per the advertisement which appeared then, applicants should have at least 30 years of work experience, having worked as secretary to the government. If applying from private sector, applicants should have worked as chief executive officer or equivalent of a large financial institution.

The applicant should have minimum of two years of residual service as on 7 May, meaning the applicant's age should not exceed 63 years on the said date. The last date for the receipt of application is 29 May, 2021.

The IRDA chairman has a consolidated pay and allowances of ₹4.50 lakh per month without the facility of house and car. Incidentally, the government showed extreme alacrity in extending the term of incumbent RBI governor Shaktikanta Das and has started the process for appointment of SEBI chairman before the incumbent Ajay Tyagi's tenure ends in March. ◆

RAKESH JOSHI
rakesh.joshi@businessindiagroup.com

Strong arm in UP

Defaulting sugar mills face the heat

Sugar mills in UP: a collateral victim of BJP?

Sugar mills have become a collateral victim of the Bharatiya Janata Party's attempts to politically retain the sugar belt of western Uttar Pradesh in the coming assembly election. The Yogi government has been cracking down on sugar mills which have delayed payment of dues of farmers, hoping this will help the party retain the support of the sullen farmers.

In UP, around 45 lakh sugarcane growers supply their produce to these 119 mills. On an average, at least 40,000 farmers are associated with each mill. They form an important vote-bank for any party.

In the western part of the state, most of the sugarcane farmers were associated with widespread protests against the three farm laws. The region is very crucial for the BJP for achieving the target of winning more than 300 seats out of total 403 again. However, the party faces an uphill task of repeating its performance of the last assembly election of winning 53 out of 58 constituencies in western UP where polling will be held in the first phase on 10 February. In the first phase, polling will be held in assembly seats in Shamli, Meerut, Muzaffarnagar, Baghpat, Hapur, Gautam Budh Nagar, Ghaziabad, Bulandshahr, Mathura, Agra and Aligarh districts. This is the verdant farm belt that overlaps the national capital region.

Yogi Adityanath, the chief minister defending the BJP's bastion of UP, is fond of narrating how during the first spell of Covid-19 pandemic in 2020, the sugar industry came to a grinding halt in Brazil, which is the biggest sugar producer in the world. More than half of the sugar mills in Maharashtra and many mills in Karnataka were also closed down. But the state's 119 mills, both cooperative and private, kept the sugar industry's flag flying. The cane crushing season 2020-21 saw the state's sugar mills producing, besides sugar, a large quantity of sanitiser and ethanol used for blending with petrol.

Farmers not impressed

However, in September that year, the Modi government rolled out the farm reforms which did not go down well with the sugarcane farmers. To defuse the simmering discontent there, the state government announced a hike of ₹25 per quintal in state advisory price (SAP) for sugarcane for the current season 2021-22. But the sugarcane farmers were not impressed by the hike as this was the only hike in the last four seasons of sugarcane during the tenure of Yogi Adityanath government. Varun Gandhi, the rebel Bharatiya Janata Party MP from Pilibhit, was among those who took up the cause of the sugarcane farmers, demanding the SAP at ₹400 per quintal.

Recently, in view of the approaching assembly elections, there was talk of the Yogi Adityanath government giving a special bonus of ₹10 per quintal to sugarcane farmers. However, there has been no such announcement.

All opposition parties, including the Samajwadi Party, Congress and the Bahujan Samaj Party, have given priority to the issues related to farmers, while the ruling BJP claims that the government has done several important works for the development of the region. The BJP is highlighting in its campaign the proposed international airport in Noida, ending migration from Kairana and the development of the region, along with clearing dues of sugarcane farmers.

District cane officers have been instructed to file FI₹ against erring sugar mills. After booking the management of a sugar mill in Lakhimpur Kheri on charges of "financial exploitation" of cane farmers recently, FI₹ have been lodged against at least five other mills in UP for not paying farmers their dues despite directions by the government. While three cases were lodged against mills in Shamli, another was lodged in neighbouring Baghpat district in west UP. This was the site of farmers' protests against the three farm laws and for a guaranteed minimum support price law as well as pending cane payments. A second FIR was lodged in Lakhimpur Kheri, the district in the Terai often dubbed the "sugar bowl". Recently, while touring the area, Yogi Adityanath criticized the defaulting sugar mills, saying that that at least 20 private sugar mills were still defaulting on payment of dues and arrears to sugarcane growers.

Sanjay R. Bhoosreddy, Cane and Sugar Commissioner, UP, says cane price payment was the top priority of the government. "Regular monitoring is being done at regional and headquarters level of the same and regional & district cane officers have been directed to take strictest action against the negligent sugar mills in payment," he said. If the mills do not show the required speed in making the payments, then action will be ensured against them, he said."Re-allocation of cane area of defaulter sugar mills can also be considered and issuing recovery certificate and FIR can be lodged against such sugar mills." ◆

RAKESH JOSHI
rakesh.joshi@businessindiagroup.com

Competitive rivalry

States woo Tesla for its India plant

Many states are wooing Tesla chief Elon Musk to set up shop in their states

Last year, Tesla Motors had sought a reduction in import duties in order to release its electric cars in India. In response, the heavy industries ministry had asked Tesla to first start manufacturing in India before any tax concessions could be considered. Elon Musk and the Modi government have been in talks for years, but disagreements over local manufacturing and import duties have led to an impasse, meaning Tesla still doesn't sell cars in India, three years after showing definite intent. This is despite Tesla India Motors and Energy, the Indian subsidiary of Tesla Inc., receiving received approvals for seven of its electric vehicle variants for being roadworthy.

While Prime Minister Narendra Modi wants Tesla to set up a factory to sell locally and export, Musk has insisted on slashing import duties of as much as 100 per cent so that Tesla can first establish a market. It has offered to outsource some components till then. The company says it wants a cheaper price tag on its cars which is not possible due to the steep import duties.

The impasse has now prompted at least four state leaders to make a pitch for the project. It all began when a Twitter user asked Musk when Tesla's "pretty awesome" electric cars would be made available in India. In response, the US billionaire said he was "still working through a lot of challenges with the government."

The four leaders vying with each other to invite Tesla to set manufacturing plant in their states are led by K.T. Rama Rao, Telangana industry and commerce minister and son of the chief minister, who invited the CEO of Tesla to set up shop in his state. He wrote, "Hey Elon, I am the Industry & Commerce Minister of Telangana state in India. I will be happy to partner with Tesla in working through the challenges to set shop in India/Telangana. Our state is a champion in sustainability initiatives & a top-notch business destination in India." Telangana already has an electric vehicle policy, a 200 acre EV park SEZ and recently USA EV major 'Triton' announced an investment of ₹2,100 crore in the state.

Spreading red carpet

Immediately, a clutch of other state leaders piped up to offer their states as a possible new home for the American electric car company. So far, leaders from Punjab, Maharashtra and West Bengal have made offers.

Navjot Singh Sidhu, president, Punjab Congress Committee, who has been talking of a Punjab model of growth, invited Tesla Motors to set up his company's base in India in Punjab's Ludhiana. "Ludhiana will be made into a hub for electric vehicles with a time-bound single window clearance for investment in order to bring new technology to Punjab and create green jobs with the goal of sustainable development," he said.

Mohammad Ghulam Rabbani, West Bengal's minister for minority development and madrasa education, tweeted at Elon Musk, "Drop here, we in West Bengal have best infrastructure and our leader Mamata Banerjee has got the vision. Bengal means Business."

In response, the BJP's IT cell incharge Amit Malviya said on Twitter, "You might think it is a joke. But it isn't! West Bengal's minister for Minority Affairs and Madrasa Education has made an offer to Elon Musk to come invest in West Bengal. His pitch will start with Mamata Banerjee's record on post poll violence and end with Singur agitation?"

Finally, Jayant Patil, Maharashtra minister, invited Musk to set up a production unit in the state and assured him of all necessary help. He tweeted, "Maharashtra is one of the most progressive states in India. We will provide you all the necessary help from Maharashtra for you to get established in India. We invite you to establish your manufacturing plant in Maharashtra."

The key issue being faced by the Musk-led company is the imposition of import taxes. Tesla has been lobbying the government to slash import taxes on electric vehicles and has requested a meeting between Musk and Modi.

The government levies a 60 per cent import tax on electric vehicles priced $40,000 or less, and 100 per cent on those priced above $40,000. In comparison, Tesla cars start at $44,690 (₹33,41,780) in the US, meaning Tesla's cars will face a 100 per cent import tax in India, hampering the company's sales.

While Tesla has been requesting a reduction in import duties for some time now, Indian companies like Tata Motors have opposed such a move as it would incentivize imports and go against the country's plans of boosting local electric vehicle manufacturing. ◆

RAKESH JOSHI
rakesh.joshi@businessindiagroup.com

Europe's nightmare

Europe could become frozen in a new Cold War with Russia and another one with China as the venom of hatreds spreads

Europe is on the brink of another war, this time between Russia and Ukraine, which could turn into long proxy war between the United States and its European allies against Moscow on Ukrainian territory.

India would inevitably suffer massive economic, trade and financial losses since it has very long-standing economic, cultural and business ties with Europe, the US and Russia. It may not be able to sit on the fence if a Ukraine war expands into a great power conflagration. That is a real possibility.

Current prospects of avoiding a war inside Ukraine are slim because US domestic politicians are strongly influenced by Russia hawks. A confident Moscow is ignoring President Joe Biden's threats of arming Ukrainians against Russians and slapping draconian financial sanctions against Russia.

A proxy war would utterly devastate Ukraine and turn it into another Syria on the edge of Europe. It will also weaken Russia but not enough to make it toothless. Tension is growing daily because President Vladimir Putin has massed roughly 100,000 troops and heavy weapons near Ukraine's border, which the West fears could signal an imminent invasion.

Russia is also preparing military exercises with Belarus, which has a border close to Ukraine's capital city of Kiev. Moscow denies any plans to attack Ukraine but is piling on the pressure because Washington has rejected its demands that NATO, the US-led military alliance, stop its expansion close to Russia's borders and stop placing military advisors in Ukraine.

India will find itself under intense pressure to take sides even if the war does not spill out of Ukraine. Europe has been largely peaceful during the past 70 years but could become frozen in a new Cold War with Russia and another one with China as the venom of hatreds spreads. A bigger conflagration would be a very short step away.

Europeans have already visited upon humankind the two most dreadful wars ever, the First and Second World Wars of the 20th century's first half. The wars caused the deaths of more than 3 million Indians and millions of other non-Europeans. An unprecedented Holocaust was visited upon Jews and a genocide upon gypsies and homosexuals.

President Joe Biden's people seem to be treating the massing of Russian troops outside Ukraine as a cry by Putin for Biden's attention. This is a mistake. What Putin wants now is to ensure that the US no longer arms NATO members against Russia and will never use Ukraine, a non-NATO country, as a proxy to threaten Russian security.

BRIJ KHINDARIA

The author is an international affairs columnist for Business India. *He can be contacted at brijkk@gmail.com*

Russia looks weak to some in Washington because its economy is just 10 per cent of America and 5 per cent of the 30 NATO allies. Its annual military spending is around $70 billion compared with a combined $1.2 trillion spending of NATO members, including more than $800 billion by the US.

But Russia's weapons and war fighting technologies are not far behind those of the US, France, Britain, Italy and Germany, which are NATO's main military powers. It is also formidable in asymmetrical warfare combining conventional weapons with cyber, propaganda, espionage and other methods.

NATO was created to deter and, if necessary, fight the former Soviet Union, which collapsed 30 years ago. After that, NATO lost its reason for existence but continued to expand by incorporating former Soviet states. Now, modern Western missiles could conceivably reach Moscow in less than 10 minutes.

If Putin occupies all or parts of Ukraine and the US and NA TO arm rebels to push Russia out, a new Syria or Libya devastated by proxy warfare would emerge in Europe

Putin has put Biden in a bind over Ukraine. Whatever Biden does, he runs the risk of creating divisions among his European allies, all of whom fear pushing Putin's back too far against the wall. Even severe economic sanctions well short of war could do that.

Biden would be wise now to give written legally binding assurances to Putin that NATO is not aimed against Russia. He should also agree to not arming any country for hostilities against Russia. Verbal assurances are no longer enough. In exchange, Russia should make similar pledges.

There is no need to change the entire security architecture of Western Europe. The need is only to reassure Russia in writing that the US-Europe military alliance is not aimed against it.

If Putin occupies all or parts of Ukraine and the US and NATO arm rebels to push Russia out, a new Syria or Libya devastated by proxy warfare would emerge in Europe. Millions would flee to Germany, Austria, France and Britain creating unprecedented refugee crises, which are a nightmare for European leaders. ◆

THE EUROS HAVE BECOME A BEACON OF STABILITY AND SOLIDITY AROUND THE WORLD, THANKS TO YOU, THE HUNDREDS OF MILLIONS OF EUROPEANS WHO TRUST IT, GAVE IT STRENGTH, CONFIDENCE, AND TRANSACT WITH IT DAILY.

CHRISTINE LAGARDE
President, ECB

CUMULATIVE DEMAT ACCOUNTS, WHICH STOOD AT 36 MILLION AS ON MARCH 2019, WERE 77 MILLION AS OF THE END OF NOVEMBER 2021. SO, WHAT WAS ACHIEVED IN OVER TWO DECADES IN THE MARKET HAS BEEN ACHIEVED IN THE LAST TWO-AND-HALF YEARS.

AJAY TYAGI
Chairman, SEBI

The Underdogs

PSUs have been reduced to a shadow of their former glory. Unless corrective action is taken quickly, many of them will be relegated to the 'also ran' category

Come January and PSUs claim the attention of investors. The heightened interest this time, as every year, is on the dividend announcements which these companies make in the last quarter of the fiscal year. The government, which owns the majority shares in these companies, is able to shore up its non-taxable revenues through these dividends. Every year the government budgets around ₹40,000 to ₹50,000 crore from dividends from Central Public Sector units and another ₹50,000 crore from RBI and other institutions like EXIM Banks and many more. This is one of the large non-tax receipts of the government.

In FY21-22 the government budgeted ₹50,028 crore. In the previous two years it was under ₹35,000 crore *(see table for actual dividend paid over the last few years)*. Given the steep hike in the budgeted figures, one can expect PSUs to pay more in FY21-22.

Especially as nearly 90 per cent of their budgeted revenues have, to date, already been received.

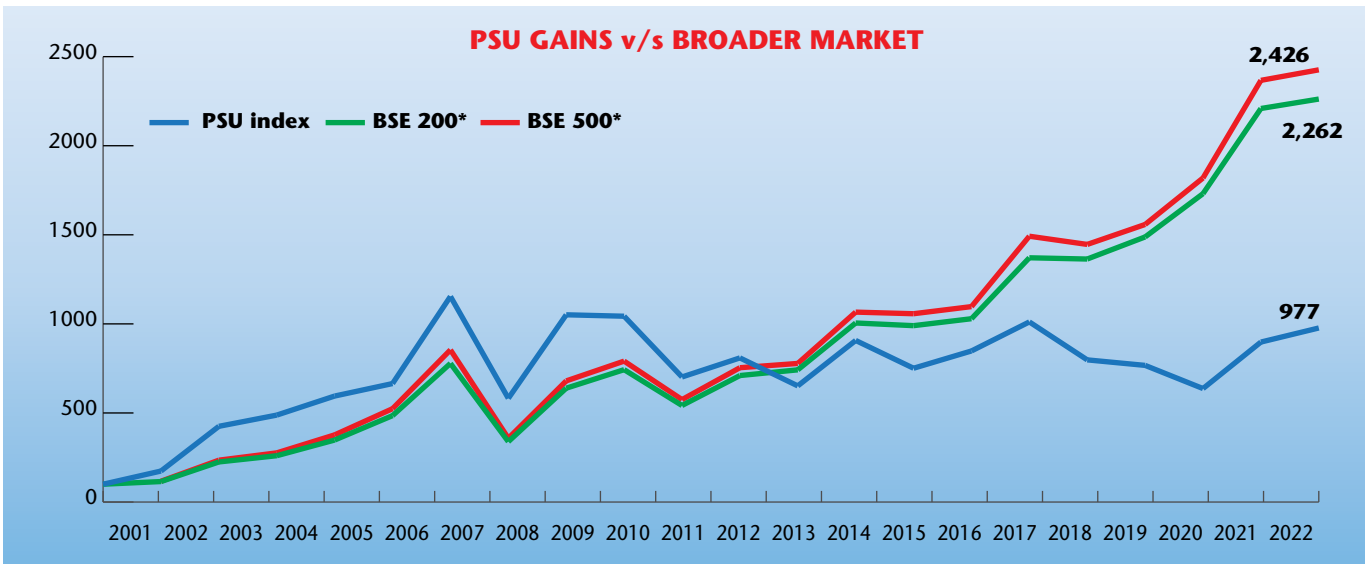
Some of the large, listed dividend paying companies include Coal India, Indian Oil, BPCL, HPCL, Power Finance, REC, Power Grid and GAIL, amongst others. Besides, there are non-listed companies like Nuclear Power Corporation, NHAI, which also pay dividends. Earlier, while dividends were paid twice in a year, the Department of Investment and Public Asset Management (DIPAM) had, in November 2020, mandated that profit-making companies pay 30 per cent of their net profit or 5 per cent of their net worth. It observed that companies pay dividends once a year. It wanted larger companies to pay interim dividends twice or thrice a year, to avoid bunching towards the end of the year. The guidelines also mentioned that many companies only pay the minimum prescribed dividend and advised these companies to strive to pay higher dividends after taking into account factors like capex requirements, profitability, cash reserves and net worth. The guidelines also prescribe that companies should try and pay at least 90 per cent of the estimated dividend through interim and the balance 10 per cent post the AGM.

With good corporate performance this year one can expect the budgeted target to be surpassed. BPCL paid ₹58 per share for FY2020-2021 which includes ₹23 per share as special dividend in respect of gains received on

In the last couple of years there was too much uncertainty as to which PSU would go in for mopping up funds through the follow-on route

Ambareesh Baliga, Market Analyst

sale of its stake in Numaligarh Refinery, ahead of its disinvestment. It paid ₹6,535 crore. For 2021-22 it paid ₹5 as interim dividend. Amongst the PSUs, Coal India has already paid ₹12.50 per share, the same as last year. Indian Oil for instance, had in FY2021-2022



*Yearly performance. Base 100. Source: bseindia.com

Nothing has been done to change the perception about government PSUs

A Balasubramanian
MD & CEO
Aditya Birla Sunlife Mutual Fund

already paid ₹7.35 per share as dividend. In the previous year it had paid ₹10.50. GAIL paid ₹4 per share. HPCL has not paid any interim dividend for 2021-22 although it paid ₹22.75 as final dividend for FY20-21.

Better dividends, but not enough

The point is that PSU shares have, by and large, become dividend yielding shares. The dividend yield on PSU shares is far better than the low bank interest rates ranging between 3-3.5 per cent being doled out to savers. There is no fancy for the shares. The BSE PSU index at the current level of 8,676 (21 January) though reflecting a smart recovery from the lows during the beginning of the pandemic in 2020 is lower than what it was five years ago by 4 per cent. Even over an extended period of 21 years, the PSU index has underperformed the broader indices of BSE 200 and even BSE 500. While the PSU index has gone up by 9.2x since 2001, BSE 500 has gone up 24.2 times *(see graph)*.

The PSU index comprises of 57 companies. Its current market cap is roughly one-tenth of the market cap of the BSE 500 index. The index comprises of companies across sectors. The finance sector, which comprises of banks, has the highest weightage of 35.5 per cent. SBI with a market cap of ₹4.5 lakh crore is the highest contributor to the PSU index. Oil & Gas and Power are the two other large sectors contributing to 24 per cent and nearly 18 per cent. Coal India, ONGC, Indian Oil, BPCL, HPCL and Concor are the other large contributors. Notwithstanding such heavyweights it is surprising that the PSU sector as a whole is looked on largely for its high dividend yields by investors and not as long term wealth creators. Investors look more at shares for creating long term wealth rather than only dividend yields.

PSUs are perceived as government companies and thus not as efficient or productive as companies in the private sector. "Nothing has been done to change the perception about government PSUs," says A Balasubramanian MD and CEO, Aditya Birla Sunlife Mutual Fund. The PSU tag need not mean it cannot perform. Many countries have companies which are government owned and doing extremely well. Most companies in Singapore are government owned. Syntel and Singapore Airlines to name but a few. That the government runs these companies is seen as a strength not a weakness. Companies in Dubai are run efficiently as are companies in Saudi Arabia. Government should not be seen as an interventionist but as a facilitator. Government has not been able to utilise the potential of the PSUs." Singapore Tamasek Holdings, which is an unlisted company manages more than $425 billion worth of assets.

Till the 90s PSUs had a very strong presence in the country. Divestment as a concept was used for unlocking value as was seen in Maruti Udyog when it became a private company in 1992 after the Government ceded more than 50 per cent of its stake to Suzuki. The government failed to take corrective action during the era of privatisation ushered in the 90s. PSUs were not nurtured. VSNL, BHEL, MTNL could

The problem with PSUs is not good talent but the tenure of the leadership team

Deven Choksey
Promoter, KR Choksey group

have done well had enough attention being paid towards making them competitive. SAIL could have been as good a value creator as Tata Steel or JSW had the style of operations been different and it was run like the private sector. The talent was very much present and many steel companies have leadership talent drawn from SAIL. The government did not try to make changes for ushering in efficiencies and improving productivity. Consolidation of State Bank was done only in recent years.

"In the last couple of years there was too much uncertainty as to which PSU would go in for mopping up funds through the follow-on route," says Ambareesh Baliga, Market Analyst with over 25 years' experience in the capital market. Uncertainty is something markets dislike. "Governments have been treating PSUs as perennial cash cows, directly or indirectly. While dividends are direct, the mandate to take over other PSUs without looking at the merits of the case is another way of indirectly getting cash funds. ONGC taking over HPCL is a case in point."

Leadership issue

"The problem with PSUs is not good talent but the tenure of the leadership team," says Deven Choksey, promoter of KR Choksey group and MD of KR Choksey Shares and Securities Pvt Ltd. "Talent is not permanent in PSUs. Having a CMD for two or three years hardly inspires confidence amongst investors. Having a top leader for a year or two, will not make them accountable for completion of projects. Unlike in case of the private sector where the leaders will go all out to complete the project from conceptualisation to completion."

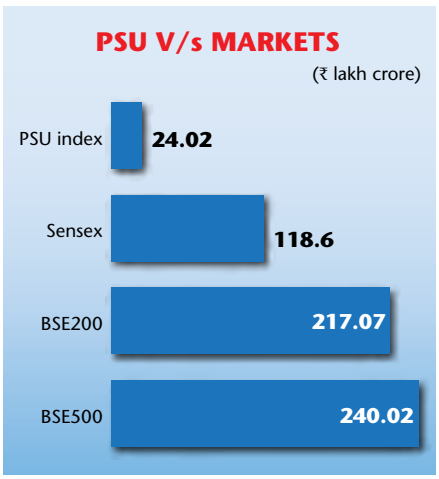
Choksey adds that rotation of top management is often done without looking at whether the leadership has the necessary skills for the job. "Imposing someone from outside is hardly the solution to fix vacancies. It is also unfair to the people in the leadership team, who have been with the company for years and have to work under a foisted CMD from

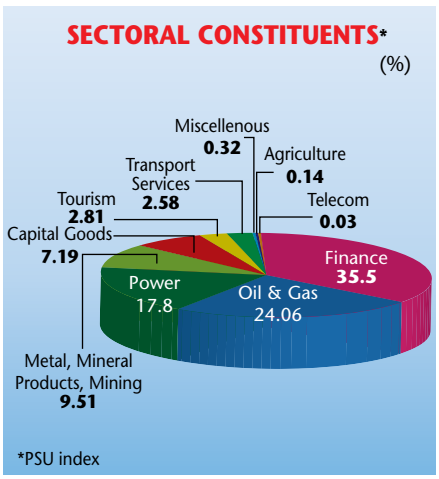
One issue to address the perception issue is better communications. The market is willing to sit up and listen

Ajay Garg
Co-founder, Equirus Capital

outside. The government more often than not tries to place good administrators to lead the companies. Administrators do not make good leaders, though once in a while they may. But this is more of an exception. Besides the top leaders, the board of directors are not skilled to take decisions. They are more often than not good bureaucrats, not good businessmen. They cannot take decision and often contribute towards delay in execution of projects."

One reason why SBI has been able to grow is that the top leaders are always selected from its own group. The Chairman and MD are leaders who have had experience in other group companies be it SBI Mutual Fund, which is the largest fund house, or its Insurance arm or Securities. In other PSU banks, more often than not, a CMD from a totally different bank is foisted to take over leadership. Besides an eventual cultural mismatch, the time given is also very short – normally one to two years. At the top many, knowing that a year or two will hardly make an impact, are not prone to take any risks, knowing





Rating the PSUs

Railways & power PSUs lead the pack

That Central PSUs are not performing well is evident from the government's own rankings: only 25 of them have been rated as "excellent" in a performance review conducted by the department of public enterprises (DPE) for 2019-2020, down by 10 from the previous year's figure. The rankings, shared with all ministries in a department note, have marked the performance of 28 units as "poor". Of the remaining, 18 have been categorised as "very good", 66 as "good" and 30 as "fair". That means only a sixth of the PSUs were regarded as "excellent" in the government's performance assessment.

The DPE rates the CPSUs based on their performance against customary memoranda of understanding (MoUs) signed between the administrative ministries and individual CPSUs. Because of the collation and analysis of data on a large scale, the report normally has a lag of one year. Like the ranking of states on ease of doing business, the ranking of PSUs was also an exercise by the Modi government to "name and shame" the laggard units and goad them into improvement.

The MoU parameters which form the basis of ranking include: revenue from operations, asset turnover ratio, EBITDA as a percentage of revenue, return on net worth, return on capital employed, market capitalisation, exports and imports as a percentage of revenue from operations , capex and managing contracts efficiently.

Of the 25 CPSUs that have received the "excellent" tag, seven come under the railways, four under power, three under defence, two each under shipping and atomic energy, one each under civil aviation, bio technology, housing, food and public distribution, mines, and some other sectors.

Indian Rail Finance Corporation (IRCON) and Rail Vikas Nigam Limited (RVNL) were adjudged as the best PSUs in the country by the DPE with a score of 99/100. IRCON is a leading turnkey railway construction company with a footprint in more than 21 countries. As for RVNL, it has achieved a rare feat of receiving an "excellent" rating for the last 10 successive years by DPE. It ranked first among the railways PSUs for the six times out of the last 8 years. Atal Behari Vajpayee, former Prime Minister, had launched National Rail Vikas Yojana (NRVY) on 26 December, 2002. Conceived during the term of Nitish Kumar as Railway Minister, it was aimed at removing capacity bottlenecks in critical

any decision taken may be questioned even after 10 years!

While the reasons for the lower perception of PSUs are well known, what is required is quick corrective action. It is all very well for the government to repeatedly say that it should not be in business. But while they are in business they should ensure they run it like any other competitive private sector business. Promotions should, as a rule, be given strictly on merit and not based on seniority. Boards should be truly independent and placement should not be filled with favoured bureaucrats by offering them a plum posting. Baliga says: "One solution is that the government, instead of paying lip service to giving total operational freedom, has to really put it into practice." Government has, for instance, given oil marketing companies full freedom in fixing prices of petrol and diesel but more often than not prices are set by ministries with hardly any differentiation in the prices of the major OMCs.

ESOPS as incentive

"One issue to address the perception issue is better communications. The market is willing to sit up and listen," says Ajay Garg, co-founder Equirus Capital, a full service financial company. Garg who handled one PSU IPO, MMTC a few years ago, says the management of PSUs are quite competent, professionally. What is required is to incentivise the top management. One issue which the government can consider is to give ESOPs to the leadership team. ESOPs will make certain that leaders ensure there is better perception amongst investors about their companies which will get reflected in higher valuations. Unless the gap between value and price is narrowed down ESOPs may well remain un-encashed.

Empowerment of leaders is also the need of the hour. Says Balasubramanian: "Narendra Modi, when he was the CM of Gujarat, had empowered leaders of state PSUs to run independently. Companies like GSFC, GNFC, GMDC and Gujarat Alkalies are doing well and being run along the lines of private companies. Likewise Government has to relook at the way companies are run. Improving efficiencies of oil companies can easily be done to make them more relevant to investors."

Tata-like structure can be created

"To ensure continuity and a single point control, there is a need to create a holding company to house all

sections of the Indian Railway network. "Significantly, in FY21, RVNL crossed the turnover of Rs15,000 crore, despite the Covid pandemic," says Rajesh Prasad, director (Operations), RVNL.

Among other PSUs in the "excellent" category are Indian Railway Catering And Tourism and Indian Railway Finance Corporation. Shipping Corporation of India Ltd, Biotechnology Industry Research, Chandigarh International Airport Ltd, NTPC Ltd, and Power Grid Corporation of India Ltd are in the top category.

Four of the 10 CPSEs in the power sector, including Power Grid Corporation of India Ltd, Power System Operation Corporation, NTPC and SJVN Ltd, have been assessed as "excellent", while PFC, REC, THDC India Ltd and NHDC Ltd have been classified as "very good". NHPC and North Eastern Electric Power Corporation Ltd have been assessed as "good" and "fair", respectively.

Of the nine CPSEs under the department of defence procurement, Hindustan Aeronautics Ltd, Mishra Dhatu Nigam Ltd and Goa Shipyard Ltd have been rated as "excellent".

In the coal sector, the Coal India Ltd and NLC India Ltd have been rated as "good", NLC Tamil Nadu Power Ltd has been assessed as "fair". None of the CPSEs that come under heavy industries have made it to the "excellent" category, and have been mostly classified as "poor", "fair" or "good". The two CPSEs under science and industrial research – Central Electronics Ltd. and National Research Development Corporation – have been assessed as "poor", as is the only CPSE coming under the Ayush ministry – the Indian Medicines & Pharmaceutical Corporation Ltd. CEL was recently sold off under this year's disinvestment programme.

The CPSU under the IT ministry – National Informatics Centre Services, which forms the backbone of the government's IT services, has been assessed as "good".

In telecom, Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL) have been rated as "poor".

Two CPSUs – Broadcast Engineering Consultants India Ltd, and National Film Development Corporation Ltd – have been rated as "poor" and even flagged for not submitting adequate documents. ◆

RAKESH JOSHI
rakesh.joshi@businessindiagroup.com

shares," says Choksey. "A Tata-like structure should be put in place to ensure proper allocation of resources and there should be a professional board which can take decisions and ensure that PSUs create value for all stakeholders. The shares of both listed and unlisted companies can be held by the holding company. This will ensure accountability of the board and more emphasis on performance of the companies." Currently all shares of public sector companies are held in the name of the president and control of individual companies is housed in various ministries. The power ministry for instance is tasked with controlling NTPC, NHPC, PFC, REC, NEEPCO, SJVN, THDC (Tehri Hydro), Bhakra Beas, amongst others. The Ministry of Iron & Steel houses SAIL, RINL, NMDC, MECON amongst others. Heavy Industry, Defence, Petroleum, Heavy Engineering, Defence, Ministry of Mines, Coal Ministry are some of the other departments. With ministers changing regularly as do bureaucrats, there is no real continuity in handling the affairs of the companies. A holding company with a board of thorough professionals drawn from experts in the public and private sector will be able to make leaders of various companies accountable and fund allocation would be done in a more meaningful way based on assessment of the needs of the companies.

A leadership team would be better able to appraise long term prospects and ensure sustainability and survival. Coal India may well become redundant as demand for coal could dwindle over the next 20-30 years. A progressive management will take steps to diversify now and create two to three other verticals as big or better than the current one. Mukesh Ambani realised the unfeasibility of dependence on merely oil and gas and created several new verticals – Telecom, Retail, Green Energy – which may become as big or even bigger than what Reliance was earlier. A PSU CMD with a tenure of two or even three years is hardly likely to take such decisions which may take more than 10-15 years to fructify.

It is not that the government is unaware of either the problems or solutions. It is taking corrective actions to improve the performance and change the perception of PSUs *(see box for details)*. But a lot more requires to be done and a government which has the mandate of the people needs to take decisive action to bring PSUs back to their pristine glory. Mere divestment is hardly the panacea. If anything, the

PRP carrot and stick

Will the staff of CPSUs lose on their performance related pay (PRP), if the firms that employ them fail to meet new goals of market capitalisation, return on capital, asset-turnover ratio as well as production and capex targets?

The Department of Public Enterprises is hoping that the move, while seeking to improve the performance of CPSUs, will also help boost investors' interest in these firms, many of which are to be privatised over the next few years under a new policy. But the final call will be a political one which will be taken at the highest level.

Market capitalisation, return on capital, asset-turnover ratio as well as production and capex targets are parameters which will be included in the PRP criteria under the customary Memorandums of Understanding (MoUs) being signed between administrative ministries and individual CPSUs, effective 2021-22 financial year.

Another new parameter being included is Ebitda (earnings before interest, taxes, depreciation, and amortisation) which will replace 'operating profits' to capture a firm's operating profitability more accurately. While goals on market capitalisation, asset-turnover ratio and return on capital employed carry 5 marks each in a total of 100, achieving 75 per cent of annual capex target by the third quarter will fetch 2 marks.

Marks for production/generation/transmission have also been doubled to 20 to ensure the CPSEs keep utilising their capacities.

According to officials, the revised MoU guidelines are aimed at "building skin in the game for the management" of the CPSEs while aiding the Centre to fetch more non-debt receipts from disinvestment. What this means is that a slippage in the performance on the parameters could result in a firm's performance rating downgrade and consequent reduction in variable pay of its staff.

Currently, PRP can be as high as 150 per cent of basic pay for CMDs while it is 40 per cent for the lowest grade officers, if the rating of the PSU performance is 'excellent' (a score above 90 per cent), which ensures 100 per cent PRP eligibility. A downgrade would bring down MoU rating from 'excellent' to 'very good' and from 'very good' to 'good,' resulting in reduction from 100 per cent eligibility of performance-linked pay for excellent rating to 80 per cent and 60 per cent, respectively. Less than 50 per cent score means staff may be denied PRP.

The combined salary bill of around 250 CPSUs (both Central and state) stood at Rs1.53 lakh crore in FY19; these firms employ over 15 lakh people. ◆

RAKESH JOSHI
rakesh.joshi@businessindiagroup.com

Coal India may well become redundant as demand for coal could dwindle over the next 20-30 years

SANJAY BORADE

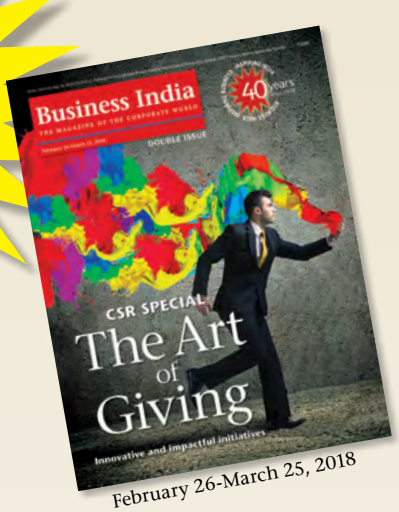
government can cede majority stake through IPOs and still retain control and ensure, PSU tags or not, that companies can compete in the marketplace like any other private sector companies.

One added advantage of ceding a little over 50 per cent to the public is that this will allow the companies to get rid of the PSU tag. As a PSU they are deemed to be a state under the constitution. It will also be out of the purview of CAG and CVC. No writ petitions can be filed against them and valid decisions will not be questioned. Valuation may also go up once the PSU tag is absent. ◆

DAKSESH PARIKH
daksesh.parikh@businessindiagroup.com

Business beyond profit. It starts from the core values.

Coming Soon!
Business India,
CSR
Special Edition



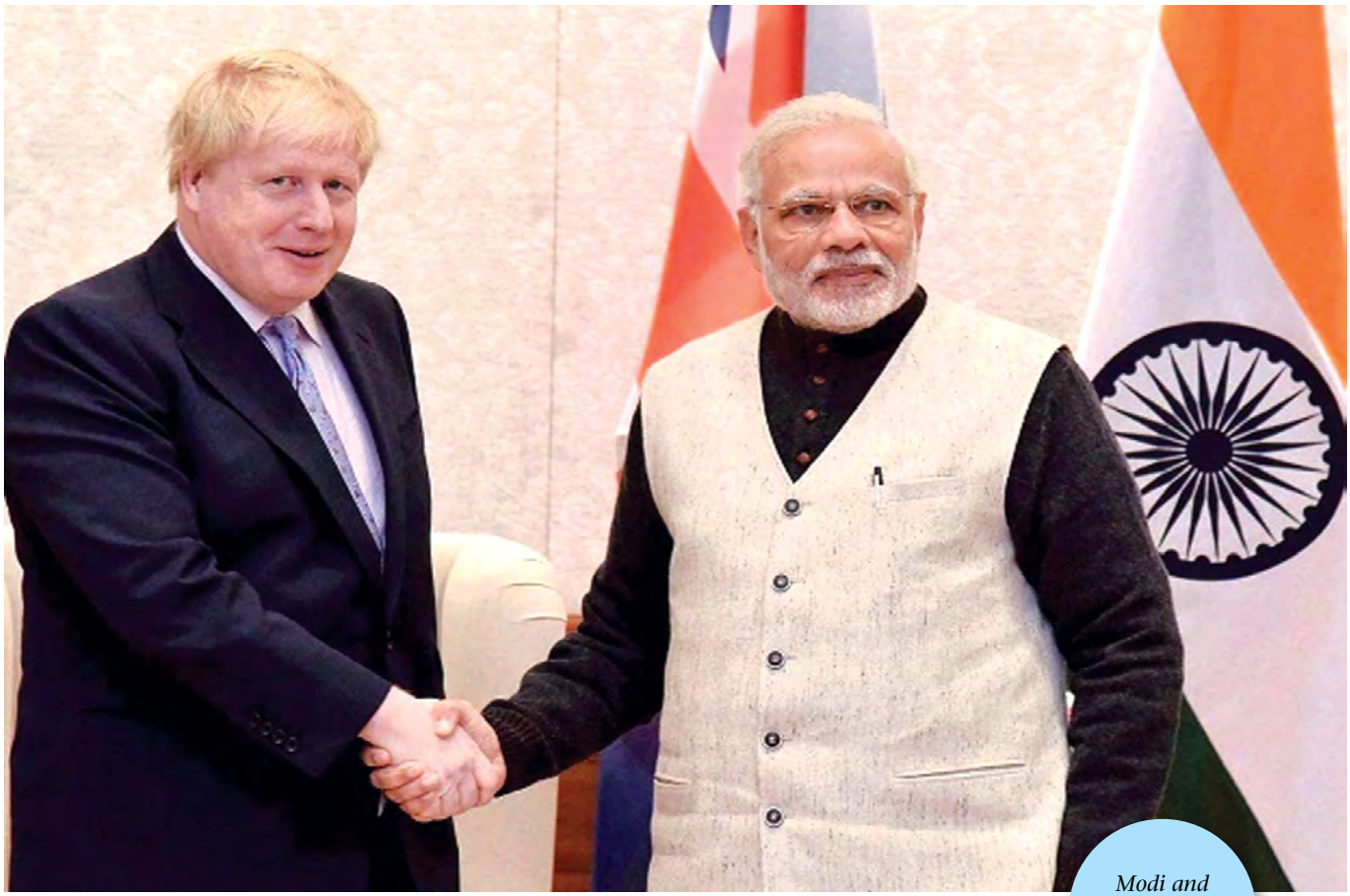
February 26-March 25, 2018

August 12-25, 2019

Business India
THE MAGAZINE OF THE CORPORATE WORLD

INCISIVE ◆ CREDIBLE ◆ AUTHORITATIVE

Registered Office: Nirmal, 14th Floor, Nariman Point, Mumbai 400 021.
For further details contact: Naresh Purohit - 9818493714 , email: naresh.purohit@businessindiagroup.com



Modi and Johnson: a golden opportunity

Whisky for visas

Will the early-harvest FTA by Easter be just about that?

For a Prime Minister whose stock has hit an all-time low following the revelations that he breached Covid restrictions during the lockdown in 2020 by allowing booze parties at 10 Downing Street, Boris Johnson was surprisingly his usual upbeat and vociferous self. At the launch in London of the talks for an India-United Kingdom FTA, which he described as a "golden opportunity" to put British businesses at the "front of the queue" of the Indian economy, Johnson spoke of taking his country's historic partnership with India to the next level, highlighting Scotch whisky, financial services and cutting-edge renewable technology among some of the key sectors set to benefit.

It is well known that Johnson's Indian connection goes well beyond the love of curry. His former barrister wife Marina Wheeler QC, 54, is half-Indian. Before they announced their divorce, Johnson travelled innumerable times to India with Marina throughout their 25-year marriage and stayed with her cousins in Delhi and Mumbai. He is known to get along well with Prime Minister Narendra Modi. India could not have got a more India-leaning Tory PM than him. However, most diplomatic observers say that given the post-Brexit economic compulsions of the UK, any Conservative Prime Minister would pursue an FTA with India.

India is the second-largest FDI investor in the UK, and the UK remains one of the largest G20 investors in India, investing an estimated cumulative total of some £21 billion. Bilateral trade is hovering around £23 billion.

Yet a full-fledged FTA, which aims to take bilateral trade to $100 billion (£73.39 billion) by 2030, would be hard to come by. In the past, India has proved to be a hard negotiator when it came to free trade deals, pulling out of the Regional Comprehensive Economic Partnership (RCEP) in 2019 and dragging its feet over a trade deal with Europe for over a decade. However, the launch of FTA negotiations with UK comes at a time when the Modi government is shifting its approach. The long-stalled trade talks between India and the European Union are also set to resume after they stalled in 2013, following the two sides agreeing to again work towards a comprehensive trade agreement in May 2021. That is acting as a spur to the India-UK talks. FTAs with the UAE and Australia are

also happening. India is also simultaneously carrying out a review of the existing FTAs with South Korea, Japan and ASEAN to plug India's rising trade deficit with these trading partners.

The first round of the FTA negotiations began in New Delhi with the arrival of Anne-Marie Trevelyan, UK's secretary of state for international trade. An outspoken Eurosceptic, Trevelyan had resigned as Parliamentary private secretary in 2018 over her disagreement with Theresa May's draft Brexit withdrawal agreement. She has been politically rehabilitated by Johnson. In return, she has backed him on the Westminster lockdown parties controversy.

The FTA talks under her now have been described as the UK's quickest start of formal talks between negotiating teams following a launch. The idea is to cobble together as early harvest agreement during this year as early as Easter.

Goyal with Trevelyan: forging stronger partnerships

Low hanging fruits

What are early harvest agreements? And do they actually deliver? Essentially low hanging fruits, these deals are used to open up bilateral trade between two countries on a restricted list of goods and services, primarily as a frontrunner to clinching a more comprehensive FTA. The problem, though, is that these early harvest schemes happen quickly, leaving the tougher goods and services for later. This strategy can lead to significant delays in wrapping up the more broad-based FTAs, which could potentially lead to impediments.

India had concluded an early harvest agreement with Thailand in 2004 but has not been able to conclude a comprehensive FTA with the country. India also has a trade agreement with Sri Lanka dealing with goods but was not able to conclude an agreement on services and investments. Hence, much cannot be made out of "early harvest" agreements that do not necessarily graduate into full FTAs and can also face challenges from other countries at the World Trade Organization as WTO rules only permit members to give preferential terms to other countries if they have bilateral agreements that cover "substantially all the trade" between them.

B.V.R. Subrahmanyam, secretary, commerce, is optimistic about the outcome of the negotiations. "I would say in the interim (agreement), we'll reach about 60-65 per cent of coverage for goods. By the time we reach the final agreement, we will be looking at 90 plus percentage coverage of goods." The interim agreement would also likely deal with trade in 50-60 services of a total of 160. Subrahmanyam noted that even though the UK imposed small tariffs on most goods, it made a major difference to the competitiveness of a number of Indian products including textiles.

When asked if there were any key issues that India felt were necessary for a trade deal to materialise, Piyush Goyal, commerce minister, said, "Nothing is necessarily a deal-breaker in this agreement." He added relaxation of visa restrictions, which has been a key issue for India to boost services trade, was not "a pressing or an overriding demand" and that neither side had any demands that were deal-breakers or considered to be "a must" for an agreement. Both countries had agreed to avoid "sensitive issues" and focus on areas where there is more complementarity.

Clearly, the idea is to leave out the contentious parts of the agreement on services. The UK's demand for letting its lawyers, doctors and accountants open shop in India may also have to take a back seat for now. Recently, Goyal had pitched for opening up of legal services sector, saying it will benefit Indian lawyers "because no lawyer is going to come from America or Europe and practise at Indian rates. But, Indian lawyers will get huge opportunities in Europe and Australia, in America, in all of the world actually, with the kind of skills that our lawyers have." However, his efforts to get Indian lawyers on board on this issue have not yielded any results so far. The agriculture and dairy sectors are considered sensitive sectors for India in trade talks.

From the UK side, the trade talks are likely also to feature the desire of Britain's financial sector to get into the Indian market, to which it currently exports only one-tenth of its sales to Japan. That would require dismantling of what the UK businesses feel are "complex regulatory barriers" in India. Its lead trade body, CityUK, wants to see fewer restrictions on data flows, and visas for British nationals to work at least temporarily in India. Having seen Cairn Energy and others snared, it is also seeking protection for investments.

The early harvest agreement being attempted now is on the lines of a similar pact being attempted with Australia. Pradeep Mehta, Secretary General of CUTS International, says the government's emphasis on interim agreements may be tactical so that a deal may be achieved with minimum commitments and would allow for contentious issues to be resolved later.

Some fear that the early harvest pact may end up being a (Scotch) whisky-for-visas arrangement. India is the world's biggest market for whisky, most of it termed "Indian-made foreign liquor." Domestic distillers have lobbied fiercely and successfully to limit Scotch imports. According to industry sources, a bottle sold in Mumbai or elsewhere in Maharashtra used to carry a further 300 per cent import tariff, though that was recently halved to 150. Though Scotch makes up only 2 per cent of India's market, the value of Scotch whisky sales to India has risen from below £60 million in 2011 to more than £150 million in 2019. By volume, last year saw India become the third biggest market for Scotch. But as 60 per cent of that is in bulk, for bottling in India or for blending with local spirits, that is lower value Scotch than exported to other markets. Scotch Whisky Association calculates that if the import tariffs come down to around 25 per cent, there will be £1.2 billion more exports within five years. That could generate 1,300 jobs in the UK.

But it may not be that smooth going. The Confederation of Indian Alcoholic Beverage Companies (CIABC) has urged the government for a level playing field with British players. The CIABC has written to the commerce ministry requesting it for a staggered reduction in effective customs duty on spirits and wines from the current 150 per cent under the proposed FTA. Besides, it requested the Centre to bring in measures which would prevent dumping or predatory price exports to India. Also, the beverage producers must be given equal opportunities for exports from India – particularly to the UK. India should also allow selling Indian whiskies in the UK as "Indian Whisky', irrespective of whether they were made from malt, grain spirits or molasses-based spirits.

On the flip side of the coin, India expects a trade deal with the UK could boost exports for large job creating sectors such as textiles, leather goods, and footwear. As an immediate outcome, it is seeking greater opportunities for Indians to live and work in Britain, and any trade deal could be contingent on relaxing rules and lowering fees for Indian students and professionals going

Heald: time to think out of the box

to Britain. There have been unconfirmed reports that the UK is planning to relax immigration rules by offering cheaper and easier visas for Indian tourists, students and professionals, in an attempt to clinch the trade deal.

In May last year, S. Jaishankar and Priti Patel, UK's secretary for home, signed a 'bespoke' and reciprocal Migration and Mobility Partnership (MMP) to have around 3,000 students and professionals a year access work experience benefits in either country. Under the MMP, both sides have agreed to work towards an April 2022 timeline to bring the new system in place, with work underway in the High Commission in London and the Ministry of External Affairs in New Delhi.

A generous offer?

However, under further immigration plans reportedly in the works, one option being looked at is a scheme similar to that agreed as part of the UK's FTA with Australia, which would allow young Indians the chance to come and work in the UK for up to three years. Another option would be to cut visa fees for students, thereby allowing them to stay in the UK for a period after they graduate, possibly building upon the Graduate Route visa under the points-based immigration rules currently in place.

There could also be reductions in the fees for work and tourism visas. At present, it can cost an Indian citizen up to £1,400 for a work visa, while students pay £348 and tourists £95 respectively. These are in sharp contrast with visa fees for countries such as China, who have to pay significantly less.

According to reports in the UK media, there is an acceptance by UK ministers that the price of a trade deal with India would be to make a "generous" offer on visas. "The tech and digital space in India are still hugely protectionist and if we could open up even a slither of access, it would put us ahead in the game," a government official was quoted as saying.

Karan Bilimoria, president of the Confederation of British Industry, has been among the most vocal advocates for lowering visa fees for Indians. But he feels a larger FTA would suit the interests of both countries. "That FTA, I hope, will benefit in enhancing bilateral trade and be as comprehensive as possible. Movement of people; reduction of duties and tariffs – the tariff on Scotch whisky is 150 per cent, that's got to be reduced drastically; academic collaborations and cross-border research is going to be huge between our countries and partnering on a Green industrial revolution. There is a vast array to really ramp up business and trade between our two countries," he said.

A larger India-UK FTA is being billed in the UK as creating huge benefits for both countries, with the potential to boost bilateral trade by up to £28 billion a year by 2035 and increase wages by up to £3 billion across the UK. A deal with India is also pegged as a "big step forward" in the UK's post-Brexit strategy to refocus trade on the Indo-Pacific, home to half of the world's population and 50 per cent of global economic growth. The Department for International Trade (DIT) has said the UK wants an agreement that slashes barriers to doing business and trading with India's growing economy and market of 1.4 billion consumers, including cutting tariffs on exports of British-made cars and, of course, Scotch whisky. According to DIT estimates, removing duties alone would increase UK exports to India by up to £6.8 billion, with Scotch whisky and cars currently facing enormous duties of 150 per cent and 125 per cent respectively.

As Richard Heald, executive chair, UK-India Business Council, points out, "The events of 2020 and early 2021, including BREXIT and Covid-19, have

thrown up undoubted hurdles causing us all to think 'outside the box' in our working processes and practices. But they are also causing us to identify new opportunities for re-invigorated collaborations and streamlined supply chains." Notwithstanding the current Covid-related events, he says, there is a real opportunity to look forward and to catalyse new ways of strengthening the UK's bilateral economic relations with our major partners around the world. India is front and foremost on this list of the UK. Hence a renewed focus on the attainment of a comprehensive FTA for which so many building blocks already in place.

Back in May, India and the UK clinched an Enhanced Trade Partnership during a virtual summit between Prime Ministers Modi and Johnson, with the goal to double bilateral trade to £50 billion by 2030. The UK government points out that the Enhanced Trade Partnership already creates immediate opportunities for British businesses in India across industries, such as food and drink and life sciences.

Following this, the UK government launched a 14-week consultation to seek the views of the public and business before formal negotiations. Unlike India, it is mandatory in the UK must complete a pre-negotiation scoping phase – a period of engagement with businesses and the public. The consultation, which ran till 31 August, included a questionnaire that gathered information from participants about their experiences and priorities when doing business with India. The UKIBC's Doing Business in India latest report finds that the most frequently selected obstacle to doing business in India, as per UK businesses, is 'legal and regulatory barriers' like 'foreign exchange regulations', 'goods and services tax', 'import tariffs', 'alignment with international standards' and 'incorporation of company'. The FTA is seen as the next step in the bilateral engagement, with an interim agreement coming ahead of a full-fledged deal. The UK is pitching the India FTA as a major move since its exit from the European Union (EU), in support of free and fair trade in the Indo-Pacific. The launch of similar negotiations with Canada, Mexico and

Bilimoria: a new era of partnership

the Gulf are in the pipeline, besides membership of the £8.4 trillion Comprehensive and Progressive Agreement for Trans-Pacific Partnership trade bloc.

Seizing the opportunities

"A trade deal with India's booming economy offers huge benefits for British businesses, workers and consumers. As we take our historic partnership with India to the next level, the UK's independent trade policy is creating jobs, increasing wages and driving innovation across the country," Johnson said. "The UK has world-class businesses and expertise we can rightly be proud of, from Scotch whisky distillers to financial services and cutting-edge renewable technology. We are seizing the opportunities offered in growing economies of the Indo-Pacific to cement our place on the global stage and deliver jobs and growth at home."

Trevelyan who had met Goyal in New Delhi for the 15th UK-India Joint Economic and Trade Committee (JETCO) to review the progress within the UK-India Enhanced Trade Partnership said, "By 2050, India will be the world's third-largest economy with a middle class of almost 250 million shoppers. We want to unlock this huge new market for our great British producers and manufacturers across numerous industries from food and drinks to services and automotive."

"As an independent, deal-making nation, the UK is broadening our economic horizons and forging stronger partnerships with the fastest-growing economies of the world. India marks the start of our ambitious five-star year of UK trade and will show how the deals we negotiate will boost the economies across all nations and help level up all regions of the UK," said the UK minister who also held bilateral talks with external affairs minister S. Jaishankar, among others.

The UK's business community has welcomed the development. "We are delighted to see FTA negotiations launch between the UK and India. With India, a rapidly advancing global economic superpower, this trade deal can unlock a new era of partnership and pave the way for significant trade and investment opportunities for UK and Indian businesses," said Lord Karan Bilimoria. "To fully realise the growth possibilities, the UK must focus on the areas which will drive our future economic success, such as collaborative innovation and stronger regulatory alignment. Above all, trade is a key instrument for economic growth and prosperity across all regions and nations."

"Key to any future trading relationship will be the progressive removal of tariffs, enhanced trade facilitation and reducing other barriers to trade, which can be highly complex and burdensome," said Mike Hawes, chief executive of the UK's Society of Motor Manufacturers and Traders.

DIT analysis claims a trade agreement with India would benefit all parts of the United Kingdom, given that already around 30,000 people in the West Midlands were employed via Indian investment in 2019. The northern region of England could see a massive boost of up to £300 million with opportunities for manufacturers of motor vehicles and parts. The Modi government's plans to install 175 GW of renewable energy capacity by 2022 are also seen as a major opportunity for the UK's renewables industry, which hopes to benefit from a deal that slashes barriers such as import tariffs as high as 15 per cent on wind turbine parts.

But before that happens, both sides will have to settle for a please-all, early harvest agreement. The agreement may appear incomplete and truncated but it will be a beginning. ◆

RAKESH JOSHI
rakesh.joshi@businessindiagroup.com

'Nation Destination,' positioning

Brands which position themselves, using Nation as a Destination and direction, reap rich dividends

JAGDEEP KAPOOR

Over the years, many brands in India have been able to position themselves, on what I call, 'Nation Destination'. These brands take a direction towards being preferred by the entire nation and the entire country, and project themselves as a favourite, in their category, across India. Interestingly, many brands with the direction of positioning as 'Nation Destination,' do well for themselves by assuming a larger than life image, through this positioning.

Desh Ka Namak – Tata Salt

As an example, the market leader in the packet salt category, from the Tata group is Tata Salt. It has clearly positioned itself as 'Desh Ka Namak' and has been able to reap rich dividends. In its entire communication, it has a larger than life image, and also brings about a character to the brand, by projecting truth and honesty, in daily life, which brings a halo effect of truth and honesty on the brand Tata Salt.

The Positioning 'Desh Ka Namak', clearly projects itself as a countrywide favourite, in this wide and diverse country. The positioning glues the diverse cultures and geographies and thus, makes it a huge brand. There is a good patriotic and national feeling, which also gets associated with the brand, which enhances its perceived value and is seen in a positive light, by all citizens of the country. There is also a leadership appeal which comes out due to the positioning of 'Desh Ka Namak' and this is appropriated very well by Tata Salt.

This does not mean that only the positioning works. The product quality, the communication, the pricing, the sales and distribution and all other elements of marketing also contribute to its success. But the crown is taken by the 'Nation Destination' positioning of 'Desh ka Namak'.

The Taste of India – Amul

In another interesting case, the 'Nation Destination' positioning is very well utilised and capitalised by the market leader brand Amul. The 'Nation Destination' positioning it uses is 'The taste of India.' Amul is a great example of this 'Nation Destination' positioning. By appropriating the 'The taste of India' and making it larger than life and countrywide, it brings out thought leadership and also reinforces the great range of product portfolio that it has across all products, right from buttermilk, ice cream and many others.

Amul in its communication, projects various segments and different consumption uses, showcasing the diverse culinary habits of Indians and how Amul is a part of the daily life of almost every Indian. This kind of positioning clearly reinforces market leadership and creates a distance between it and the second brand, standing tall amongst competition, across categories, where the mother brand Amul is used. 'The taste of India' positioning not only lends itself to the tangible taste, but also the intangible aspirational positioning, bringing out the fact that consumers who consume Amul have a fine taste in life.

Desh ka Truck – Tata Truck

Another strong example, in the vehicles category, is that of Tata trucks. Tata Motors company has been part of the Indian life for many decades. It is a common sight to see all shapes and sizes of Tata trucks moving on the roads of India and moving the wheels of India. In this context, the positioning of Tata trucks as 'Desh ka Truck' is brilliant. The usage of 'Nation Destination' positioning even in this case, takes the Tata truck brand to a very high level and connects not only with normal consumers or with companies or with logistics but also with every truck driver who uses a Tata truck.

The usage of 'Nation Destination' Positioning is a smart way of gaining not only quick awareness but also thought leadership and a countrywide acceptance.

There are many other examples which have used 'Nation Destination' positioning. Like many years ago, a motorcycle brand which used the positioning, 'Desh Ki Dhadkan,' and of course there is a pharmacy brand which uses 'Desh Ki Pharmacy'.

As we approach the Republic Day in 2022, one looks at these examples of niche and destination positioning and feels like saluting the minds of the marketers who thought of such 'Nation Destination' positioning. After all, who would not like to buy and use a 'Desh ka Brand'? ◆

The author is CMD, Samsika Marketing Consultants. He can be reached at jk@samsika.com

'Green chemicals'

PHOTOS: SANJAY BORADE

Samir: built a knowledge-driven company

Having made rapid strides in green chemicals and ethanol, Godavari Biorefineries' growth momentum is just starting

A green wave is unfolding across the world. Large and small companies are in the midst of upending their business models in a bid to reduce their impact on the environment. Climate change has ushered in a new urgency. That's the prime reason corporations are increasingly turning their attention to biodiversity and the prudent use of scarce resources. While 'green' is the new mantra, one important sector where the green wave is inevitable is chemicals.

Godavari Biorefineries Ltd (GBL) has been in the forefront of this. With its roster of 'green' products, it is one of the rare companies in India which has a range of bio-based products that are utilised in various industries including agro-chemicals, cosmetics and others.

This Indian company also makes global strides. It has been permitted by the United States Department of Agriculture to use the 'US FDA-certified bio-based product' label for some of its products such as 1,3 butylene glycol and the bio-based ethyl acetate.

"We have built a really nice knowledge-driven company. The world is looking at a green charge. When we started on this journey many decades ago, there were many sceptics, including my father. But I told him we have to think about sustainability; even if the world does not reward us, we have to think on these lines. I am happy today that the world understands the need for sustainability, even if it has taken a while longer. GBL is doing its bit for the climate in the green chemical and ethanol arenas," says Samir Somaiya, CMD, GBL.

It's been its USP ever since the firm forged relations with chemicals, sugar and ethanol. Godavari Bio is now one of the largest integrated bio-refineries in India, one of the largest producers of ethanol and a pioneer in manufacturing ethanol-based chemicals in India. According to a Frost & Sullivan report, it is also the largest manufacturer of MPO worldwide, one of only two manufacturers of natural 1,3 butylene glycol globally, the fourth largest manufacturer of ethyl acetate in India and the only company in India to produce bio ethyl acetate.

Godavari's products are bio-based chemicals, sugar, rectified ethanol and grades of alcohol, which are utilised in a range of industries. The Frost and Sullivan report points out that Godavari is the only company in India to have such a vast line of bio-based products.

The roots

This drive for uniqueness has its roots in the decades-old heritage of the Somaiya Group, which has a rich history of over eight decades in sugar and over 60 in chemicals. But matters regarding bio-chemicals took a turn for the better when Samir returned to India with a chemical engineering degree from the

US.

Nevertheless, even with theoretical studies in chemical laboratories, practical applications of chemical engineering in the real world are always a challenge. Samir knew he would need help. With the go-ahead from his father, who was then in charge of the business, he recruited Sangeeta Srivastava, a teacher in those days, and a chemist. Even so, the duo had to find ways in which they could use local resources, including sugarcane syrup and other by-products from their sugar-crushing units.

Both Samir and Sangeeta began to conduct research and development in bio-based chemicals. Their immediate task was to find ways to nurture all resources at hand and churn out 'green' chemicals and other bio-based products. Back then, another challenge came up when duty structures slipped. Nevertheless, Samir and his team took up the challenge and started testing new products and conducted extensive research.

"In those days, research and development was not exactly research but a quality-control department. Research and development was to innovate and think differently, and we set about systematically trying to see how we could innovate. We started the whole idea of renewable chemistry and creating research-oriented innovation," says Samir.

This ideology set Godavari Biorefineries apart from other ethanol and chemical manufacturers even as it steadily expanded capacities and added products to its portfolio. Today, it has a turnover of over ₹1,500 crore, with 65 per cent of revenues coming from biochemicals and ethanol. Its diversified product range not only comprises biochemicals and ethanol but includes sugar, rectified spirits and other grades of alcohol, including a power unit for internal use.

Khetan: achieving better margins

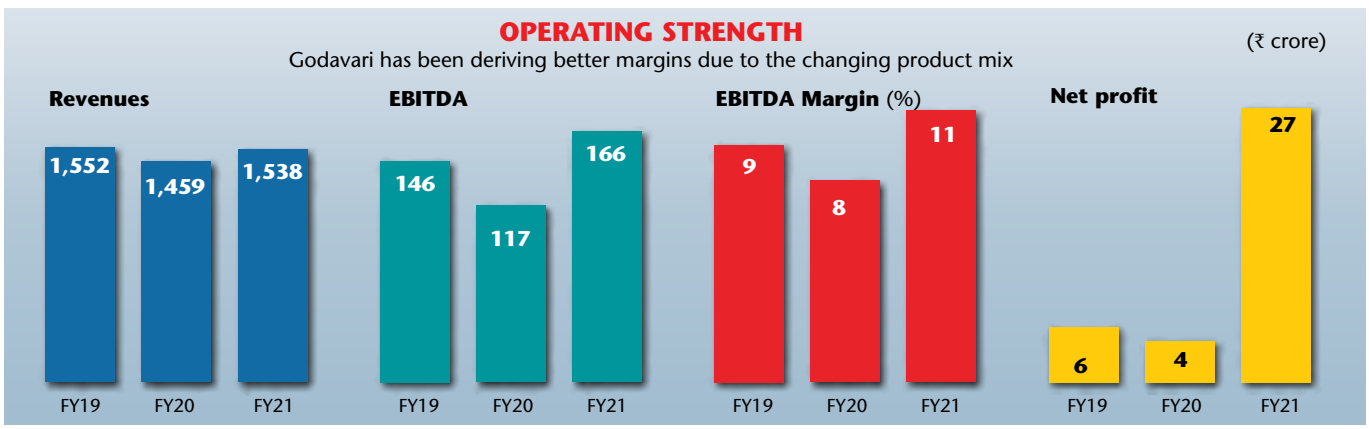
Expanding operations

Godavari's facility in Sakarwadi, Maharashtra, is dedicated to producing biochemicals. The facility, with an installed capacity of 101,197.40 tonnes per annum (TPA), produces ethyl acetate, bio-ethyl acetate, MPO, 1,3 butylene glycol, crotonaldehyde, acetaldehyde, acetic acid, bio-acetic acid and paraldehyde.

Bio-based manufactured chemicals are used in various industries, including agrochemicals, cosmetics, flavours and fragrances, food, fuel, paints and coatings, and pharmaceuticals. Over the years, the firm has expanded its scale of operations and global footprint, raking in marquee brands as customers.

Some of them include Biocon Ltd, Cipla Ltd, Deccan Fine Chemicals (India) Pvt Ltd, Dr Reddy's Laboratories, Hershey India, and Hindustan Coca-Cola Beverages, among others. The firm has customers in over 20 countries including Australia, China, France, Germany, Italy, Japan, and the US. With offices in Hoofddorp (Netherlands) and Princeton, New Jersey (US), Godavari has access to international markets, wherein it can cater to overseas demand, and this with an eye on product development.

"We have built a base for now, and we have a wonderful set of companies that we cater too, and our days are very exciting because we are always innovating and working on the next set of products," says Samir.



Godavari is also expanding its chemical production roster of products. It has received environmental clearance to expand its existing capacities to manufacture a wider range of specialty chemicals, including cellulose, MCC, xylitol, EVE, furfural, lignosulphonate and biocomposites. The market for green chemicals is growing, and the firm also has the ability to price its products at a premium, thanks to the green charge.

Sangeeta Srivastava, now executive director, points out that innovation and optimisation of resources have been the key pillars of the company's progress. "From the start we have focused on innovation and research. Our access to raw materials is central to our success and we will continue to commercialise new products, and achieve optimum utilisation of our resources."

Srivastava: focus on innovation

Ethanol growth

Godavari Biorefineries has been successful in utilising sugarcane as feedstock for a vast range of its products, including sugar and ethanol. It is one of the few companies in India to use sugarcane juice and syrup to produce ethanol, says the Frost and Sullivan report. Its long history of purchasing sugarcane and the support provided to farmers have built strong relations and goodwill among sugarcane growers.

Its unit in Sameerwadi is an integrated plant dedicated to manufacturing rectified spirits and ethanol, and sugar. The firm can crush about 15,000 tonnes per day (TCD) of sugarcane. Besides, it has installed capacity of 400 KLPD for rectified spirits. Also, the 380 KLPD for ethanol and power with an aggregated installed capacity of 49.56 MW as on 30 June, 2021 makes this facility one of the top 10 sugar complexes in India, and one of the largest producers of ethanol.

Over the years, the company has striven to improve the valorisation of sugarcane through developing downstream products and increasingly diverting sugarcane toward value-added products. It sells sugar and certain other food products under the 'Jivana' brand. Its rectified manufactured spirits are used internally and converted into various grades of ethanol, including fuel ethanol, pharma-grade ethanol and extra-neutral alcohol.

No doubt, for sourcing sugar, Godavari has a long-standing relationship that goes a long way to ensure that supplies are high. "We believe that through our long history of purchasing sugarcane and continued support provided to farmers, we have established strong relationships and goodwill among farmers," says Balachandra Bakshi, executive director, who looks after farmer relations and holds several years of experience in the agricultural industry.

Among its several expansions within sugar, Godavari Biorefineries is also planning to manufacture cellulose and its derivatives by utilising bagasse. It also intends to leverage its expertise and capabilities to manufacture other products across the value chain.

Further, with the government's emphasis on increasing ethanol blending for fuel, the company is on an expansion spree. It aims to improve the valorisation of sugarcane and increase its capacity to manufacture ethanol from 380 KLPD (as at 30 June, 2021) to 570 KLPD in the coming quarters. It has received the requisite environmental clearances.

Not content with this, it is evaluating prospects of manufacturing second-generation ethanol and energy to further increase feedstock for its distillery. All these expansions will provide it with more resources and strengthen its competitive edge in chemicals and sugar-based ethanol.

It started ethanol manufacturing in the early 60s. "We had a strong advantage in India, and we expanded ethanol capacity considering that sugarcane surplus is an asset in the country. It did not happen for a while, but it's a good thing that ethanol blending became a reality and we rapidly expanded our ethanol facilities," says Samir.

Godavari extensively uses sugarcane feedstock at its Sameerwadi plant to manufacture sugar, rectified spirits and ethanol. Besides, the pressmud is utilised to produce fertilisers under the 'Bhumilabh' brand.

Industry drivers

Godavari's business growth seems assured. With the Indian government set to cut pollution and reduce its oil import bill, and plans to gradually increase ethanol blending in petroleum products, such a change is being billed as the largest in the global sugar market since Europe's sugar reforms.

India's ethanol programme will help end the government's sugar export subsidies and erase exportable sugar volumes from the country. At present, the sugar sector produces almost six tonnes of surplus sugar every year, which can be diverted to produce 700 crore litres of ethanol (of the total 1,000 crore litres required); the balance can be produced from excess grains.

The government's allowing ethanol through grain-based distilleries as well offers an additional stream of revenue to some sugar companies which are willing to expand. At present, the excess sugar produced is exported. This surplus can be reduced by two million tonnes.

By 2023, India is planning to have zero surplus sugar through the diversion to ethanol (with two MT every year till 2023). With a considerable increase in ethanol sales and the demand-supply balance evening out, integrated

GOOD REVENUE MIX

Godavari's revenue mix is well-diversified even as the company gains from ethanol, distillery and bio-chemicals

	2019	2020	2021
Sugar	29.15	26	10.66
Ethanol	11.94	16.83	21.28
Bio-based chemicals	39.25	31.22	34.96
Distillery	16.8	22.38	29.66
Power	2.16	2.84	2.63
Unallocated	0.7	0.73	0.81

Figures in % of consolidated revenue from operations

Godavari has a range of bio-based products that are utilised in various industries including agro- chemicals, cosmetics and others

sugar mills are expected to increase cash flows.

With ethanol blending by oil-marketing companies (OMCs) picking up pace and with the Government's stance on increasing the blending target to 20 per cent, supported by remunerative ethanol pricing and incentive schemes to build capacities, the prospects of the sugar sector are looking brighter. All this is projected to expand the Indian ethanol market from $3.6 billion in 2020 to $8.9 billion by 2025, a 19.8 per cent CAGR, says the Frost and Sullivan report.

In its other vertical, growth in domestic biochemicals is expected to further pick up momentum. India has bio-mass potential, which could easily be relied upon to fulfil much of its energy needs. An estimated 50 million metric tonnes (MMT) of liquid fuels are consumed annually in India, but with the actual bio-mass potential and its full utilisation, India is capable of generating much of that every year.

Besides the growing awareness of the ill-effects of certain chemicals on humans and the environment, a growing trend is being seen in the shift to green chemicals and sustainable chemistries. These are bio-degradable products which significantly reduce the environmental impact when applied.

Biochemicals is an emerging focus among manufacturing industries. They minimise pollution at the molecular level. Growing policy measures to encourage green chemistry are also leading to market growth. If the demand for biochemicals is not met, global companies will also look at the China Plus One strategy to meet the sourcing needs for chemicals. That places Indian chemical companies like Godavari on a strong footing.

Verdant days ahead

Godavari Bio-refineries' expansion plans in ethanol blending should help it capitalise on these growth opportunities in the industry. The company is planning to tap the capital markets to raise funds to help it expand its sugarcane crushing capacities, as well as retire debt. It has earmarked about ₹45 crore towards the expansion of its crushing facility at Sameerwadi. Besides, it will repay debt of ₹214 crore. All in all, Godavari Biorefineries plans to raise about ₹370 crore for expansion and debt reduction through a fresh issue.

As a part of its growth plan, it will continue to diversify its product range, and increase production of higher-margin products in the value chain. In the past two years, revenues have been stagnant due to the impact of Covid-19. However, due to greater operating efficiencies and higher-margin products, its net profit jumped more than threefold from ₹5.5 crore in FY19 to ₹27.1 crore in FY21. The operating margin improved from 9.33 to 10.72 per cent.

"The flexibility in our plants for blending helps us adapt to changing market dynamics and optimise our product mix to optimise realisations and achieve better margins," says Naresh Khetan, chief financial officer, GBL.

When it comes to research, Godavari Biorefineries has three research and development facilities at its manufacturing plants, and one in Navi Mumbai. It expended ₹15 crore toward research in FY21. As of 30 June, 2021, it had 38 research scientists at its R&D centres to identify and develop potential marketable products after carrying out thorough studies, including product specifications, potential costs and timelines.

Not only that: it is collaborating with Dr Sendurai Mani in developing small molecule inhibitors for cancer, and obtained approval in March 2021 to undertake, over two years, clinical trials in relation to a proposed drug.

"It is thought that India can never create a new molecule in medical research. Over the last 10-12 years, we actually found a molecule, and have received permission for clinical trials very soon for triple-negative breast cancer," concludes Samir, whose passion and commitment for innovation and research have been one of the hallmarks of growth for GBL. If the research, expansion and strategies for growth pay off, it seems that for GBL, the sky is the limit. ◆

LANCELOT JOSEPH
lancelot.joseph@businessindiagroup.com

Mergers: new challenges for boards

Creating more value for all stakeholders should be the ultimate aim of a board

It seems to be the season for mergers and acquisitions as the pandemic has made the scene ripe for some and desperate for others. Zee, Sony, Adani, Wipro, Future, Reliance and many more are boarding the bandwagon. Continued low interest rates and innovative stock swapping fuelled a record number of M&A deals in the US during 2020-21, especially for over $5 billion megadeals. India has seen over $54 billion deals in M&A during 2020-21, albeit deals below $5 billion.

What do corporate boards need to know in weighing mergers and acquisitions today (and going forward)?

Digital technology and capabilities went from a 'good thing' in 2019 to a 'must have' by 2021, and grabbing these tools motivated many new deals. Extremely rapid advancement in AI, data tools, online meetings, digital currencies, collaboration platforms and so on mean companies need these capabilities now, but lack the internal resources and talents. So, rather than building your own, seeking an acquisition for a quick jump looks more promising as it will make the transition faster.

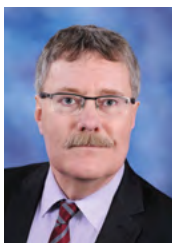
The value of M&A in technology area has more than doubled in 2020 from the previous year. The WFH movement sharpened focus on the tools needed to adapt and that brought new ways to deploy technology in business. Enterprises looking for digital transformation have added these abilities as fast as they could. Boards can help by forecasting where tech trends might lead, and what target companies can help you jump the curve.

One of the biggest factors hitting M&A (especially moving into 2022) is the growing governmental pushback on antitrust (not the kind of what CCI did now to the 2019 Amazon-Future deal when Amazon was objecting to the Future-Reliance deal), business concentration and taxes – plus inflation. People are expecting tax changes and an increase in capital gains taxes, so it is natural for them to try and push exits earlier than the budget time. Our advice to boards is to keep an eye on taxes and inflation, which are likely to spike, given India's higher fuel costs and taxes. Tax policies on foreign subsidiary earnings and repatriation of profits will be a major issue in 2022.

Anti-trust and merger concerns are growing worldwide, particularly when it comes to tech concentration and cross-border acquisitions. The board should bring a clear-eyed, outside take on possible regulatory hurdles a planned deal may face even if this deflates sunny estimates by management.

There are other, newer issues facing M&A today that the board's counsel can help with. Liability issues for acquisitions on products, environmental and human rights concerns are expanding, with courts and regulators more than willing to associate a target company's past sins with the acquirer. Companies need to do careful due diligence now to understand the businesses they are planning to buy. Boards can no longer disregard ESG (environment, social and governance) issues, and these are showing a real impact on structural plans. Acquiring a company with strong ESG credibility and technology (or carbon credits) helps ESG scoring with investors. On the other hand, divesting subsidiaries that may have environmental or social responsibility skeletons can improve corporate ESG credentials. This is one of the top issues we see today amongst boards.

Dr M. MUNEER



RALPH WARD

Here's some sound wisdom for the boards to oversee the M&A process:

- Consider any M&A plan from a strategic growth viewpoint. Whether it is digitisation, capacity building, new markets, etc, the board should weigh in all issues and advice the CEO.
- Focus on the complete lifecycle of the M&A and not just the deal closure alone. The cultural and integration issues also must be looked into till it works well.
- Critically evaluate the readiness of the enterprise to see through the end-to-end M&A process. Ensure that the right individuals are involved with the process and audit committee can reaffirm the readiness.
- Re-validate the merger synergies and underlying assumptions. If needed do a stress-test the assumptions against the different scenarios mapped prior.
- Flag and contain emotional involvement of executives that may derail the M&A plan. A clearly articulated business case should be overtaking everything else and guiding the CEO on this is a crucial role board must play.
- Audit and oversight committees must be entrusted with the due diligence. This should not only cover the usual financial and non-financial aspects but also cyber security, corruption, environment and human rights.
- Look at the total integration plan, its duration and its impact on job losses.
- Insist on a continual improvement plan and update for the board, even if monthly. Set milestones for the executive team and create board-briefing formats for this on a monthly or quarterly basis.

If the board directors are abreast of the latest developments and trends around governance globally and about M&A challenges above, they should be able to provide a good oversight and help the enterprise they serve to meet its M&A objectives. ◆

M. Muneer is MD, CustomerLab and co-founder, Medici Institute, a non-profit organisation. Ralph Ward is a global authority on boards; both of them drive board alignment for corporations. Contact: Muneer@mediciinstitute.org

Powered by green chemicals

Vivek Jain: on a strong growth trajectory

With a decisive edge in the fluorochemicals segment, Inox GFL is at the forefront of reaping dividends

For the 90-year-old Inox Group, 12 November, 2021 was a critical date. That day saw the decision of the 92-year-old patriarch, Devendra Kumar Jain, to split the company equally between his two sons, Pavan Jain and Vivek Jain. 'Amicable settlement' is the term which the group is using to explain the division, which was reportedly two years in the making. From the original entity's perspective, it may simply have meant a rebirth.

For the average person, the most identifiable face of the Inox group would be its multiplexes, where it is among the leading players nationally. But this relatively new and B2C business is quite small in size and scale compared to the other units of the erstwhile group which are mostly in the B2B space. Air products and speciality chemicals are large businesses which have not only been the major strengths of the group in the past but also front ranking players in their respective spheres. "Inox is a 90-year-old group, and over the years we have built companies of large scale, with each company now needing a dedicated management bandwidth. Also, as our families grew, the family patriarch amicably decided to realign the group with the next generations getting involved and primed up to lead these companies going forward. This was in keeping with the forward-looking strategic realignment of the group," points out Vivek Jain (66), the younger son who has bagged speciality chemical and wind energy divisions in the split.

Strategic alignment to turn big into bigger are the terms which repeatedly appear in the statements of his son Devansh Jain (35), Group Executive Director of the company who is the operational head now. "The units that we have could potentially become $1 billion revenue businesses each in the coming years," says he, while underlining the fact that the restructuring of the group has added a new dynamo to the well-established businesses which will propel them to move at a brisker pace on the growth highway. Some critical, inherent strengths built over the decades in speciality chemicals, a clear strategy to align with the changing environment vis-à-vis green energy products and a more favourable growth environment for the wind energy segment are all conducive to the further growth of the business.

Rebranding as differentiator

Before the split, the nine-decade-old Inox Group, on a cumulative basis, had a diversified presence across seven business verticals and its listed entities had a market cap of over $4.3 billion. After the split, the elder brother faction led by Pawan Jain bagged Inox Air Products (50:50 joint venture with Air Products, USA engaged in production of industrial gases on a large scale), Inox Leisure (over 150 multiplex units), and Inox CVA (country's largest manufacturer of cryogenic liquid storage and transportation tanks). The Vivek Jain faction is now in command of Gujarat Fluorochemicals or GFL (a leading speciality chemical company in the country which was a major performing unit for the undivided group along with the Air Products division) and Inox Wind, which is in the wind energy segment. The entire wind energy business is controlled by a holding firm, Inox Wind Energy, which was demerged from GFL in FY2021.

For the sake of clarity, the faction led by Vivek Jain and his son Devansh has now been rebranded as Inox GFL. "We envisage huge potential for both

the verticals under our fold, chemicals and renewables; we are definitely on a strong growth trajectory," says Vivek Jain. The rebranding nomenclature, however, strongly underlines the pivotal positioning of the speciality chemical business, identifying it as the clear driver of the younger son's faction.

And this is hardly surprising given the strong trends in the speciality chemicals business where India has emerged as a global hub in recent years, showing signs of responding to that China Plus One quest of many countries in the post-Corona scenario. "India today has a definite positioning in the global chemical market and there has been a commendable growth in the speciality chemical business segment. The total chemical market is currently estimated at $178 billion, out of which the speciality chemical market's worth is $32 billion." observes Sai Krishna, AVP and Sector Head, ICRA. And GFL, with its decisive edge in the segment called fluorochemicals, has been at the forefront of reaping dividends of the bullish trends witnessed in the business.

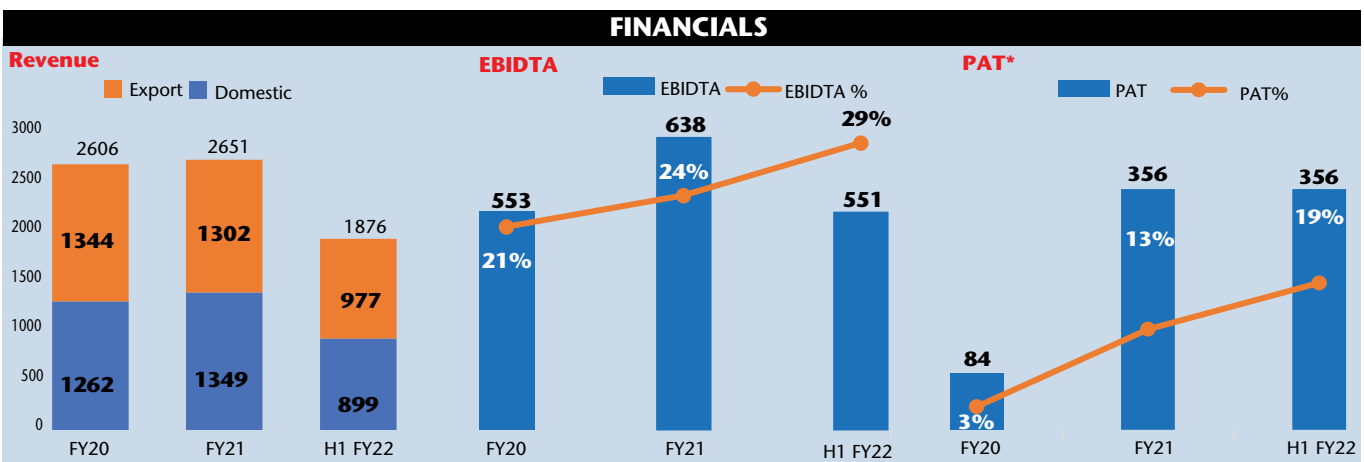
Devansh Jain: going green

Basic strength

On close examination, a spate of scoring points may be spotted on the report card of 35-year-old GFL. Interestingly, the company was not on the radar of many research firms when the settlement was being worked out. But in recent months, leading brokerage houses have once again expressed interest in the company on the basis of the diverse portfolio it has built in the fluorochemical segment where it is the undisputed leader. 'The company has set up a capacity of around 700 tonnes of six new fluoropolymers which are FKM, PFA, FEP, PVDF, PPA and micropowders. PVDF is used in applications which can withstand harsh chemicals and is one of the highest radiation resistance plastics which also finds application in the manufacture of polymer batteries used widely in electronics and electric vehicles,' a research agency report had mentioned early last year. Another report by ICICI Securities released early last month had recognised GFL as the 'sole manufacturer of fluoropolymers in India and among the very few players outside of China to have a large fluoropolymer portfolio'. The report further maintained that GFL has built global scale production capacity and at the same time developed vibrant supply chains in the US and European markets with local warehouses. The company currently generates 50 per cent of its revenue from exports to global markets driven by orders from the EU and the US.

"We are among three largest producers of fluoropolymers globally and the largest in India," says Devansh, narrating the key strengths of GFL. The company today has three plants, all based in Gujarat – Ranjit Nagar which was commissioned in 1989 and has largest refrigerant capacity in the country, Dahej which is the country's largest fluoropolymer plant and has been operational since 2007 and the partially commissioned Jolva plant which specialises in fluoropolymers and speciality chemicals. As per a research report, in fluoropolymers GFL is today competing with global established technology and innovation driven chemical players like Chemours Company (US), Daikin Industries, Ltd. (Japan), 3M (US), Solvay SA (Belgium), AGC (Japan), Dongyue Group (China), etc. There is no domestic competition and it enjoys first mover advantage in fluoropolymers, the report emphasises.

The company's current revenue base is in the vicinity of ₹2,600 crore (last fiscal) but it is expecting a major jump, given the growing demand. As per a senior official of the firm, the results of the first two quarters this year indicate revenues for the current fiscal jumping close to ₹3,600 crore. At the end of

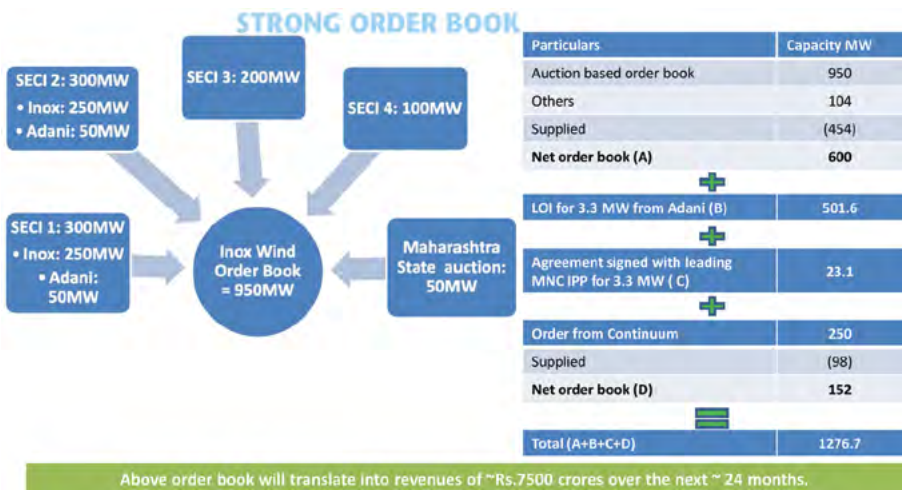


Figures in ₹ Cr; * PAT excluding exceptional items & earlier years taxation

The company's wind energy business is in the process of a serious revival

the first half of this year, the company had reported earnings to the tune of ₹1,876 crore and EBIDTA of ₹551 crore (*see graph*). As the fate of GFL post-division became clear around the middle of last year, the company's stock price tripled in the growing market, as it recently touched a 52-week high of ₹2,870 (52-week low is ₹525). The market cap of the company is now close to ₹30,000 crore or over $4 billion. "If you look at the list of enlisted speciality chemical firms, our stock price is still among the cheapest," a company official says.

The other important element of Inox GFL is the wind energy business which is in process of a serious revival. The group had made a foray into this business in 2010 but according to Devansh the abrupt policy change in 2017, with the Feed-In Tariff (FIT) regime being substituted by auction modality, created an existential crisis for many players in the pure wind play. "When we started, we wanted to put up 1GW capacity, which was huge then. With McKinsey as our consulting partner, we decided to make our own turbines and set up wind farms. Within five years, we became a leading player and had a successful IPO in 2015. By 2017, the business had grown exponentially and profitability was high. But in 2017 because of the abrupt policy change, the scene became difficult and three of the top five players left the fray," recalls Devansh who was involved in the group's renewable business since its early stages. The policy shift in favour of competitive bidding led to a steep decline in tariff but made the business unviable for many. "In the year prior to imposition of auction rules, the total capacity installation in the wind sector was close to 5,000 MW. After competitive bidding, it came down to 1,500 MW. It had a major effect," says Manish Singh, Secretary General, Indian Wind Energy Association.



Inox is now charting a new course in the wind business by focusing more on the O&M (operation and maintenance) side of the business. Structurally, Inox Wind Limited or IWL, with its two subsidiaries, offers three sets of services in the wind energy space: manufacturing, infrastructure and O&M. It is counted among the largest WTG (wind turbine generator) manufacturers in India and currently operates three plants (Una, Rohika and Barwani) to manufacture nacelles & hubs, blades and towers (*see graph*). The company claims to have a robust order book of 1,276 MW *(see graph)* and this promises plenty of action as the wind energy installation picks up steam again, getting a decisive push from the increasing hybrid auctions. An extract from the Inox Wind annual report concludes: 'During fiscal 2020-21, the company commissioned 80 MW, which includes commissioning for Continuum, ReNew Power and certain retail customers. The company also added a significant volume of 314 MW to the paid O&M services during the year, which catapulted the revenue earning fleet to 1514 MW. The O&M fleet is now a solid annuity business for the company which is expected to generate steady revenues over the next couple of years.'

In financial terms, the company had recorded an overall sale of ₹847 crore during FY21 – an increase of 12 per cent as compared to ₹760 crore in the previous fiscal. The enlisted firm, meanwhile, has a market cap close to ₹3,000 crore.

The green identity

According to CFO Manoj Agarwal, the restructured entity under the command of Vivek Jain and his son are well placed financially and ready with a new capex plan. "The INOX-GFL group is in a strong position financially. Gujarat Fluorochemicals has steady cash flows, and we recently announced a capex of ₹2,500 crore over FY22-24. We are confident

of meeting this through internal accruals."

Devansh provides the details of this capex plan which, in broader terms, is in alignment with enhancing the capacity of fluoropolymer categories or speciality chemicals in line with the company's core intent of being counted as a strong green business entity. "The investments would be for fluoropolymer expansion – PTFE particularly, and we are also setting up large capacity of PVDF (advanced polymers) used across EV batteries and in batteries of solar panels. We are also setting up a LIPF (Lithium Hexa Fluoro Phosphate Plant), a battery chemical which is also used in hydrogen cells. We want to play across the green arena – EV, solar module and hydrogen cells – and eventually emerge as the largest player on the green chemical side in India," he explains. With this capex, the company's target is to build a capacity of 1,000 tonnes per month of PVDF (primarily used for electric vehicle batteries). It is currently 100 tonnes. Similarly, for LIPF, the company has decided to set up an initial capacity of 1,800 tonnes with scalable designs.

GFL's decision to significantly scale up and cater more to what a research report terms as 'new age verticals' coincides with mounting demand. "The double-digit growth in the speciality chemical segment in the last few years (CAGR of around 12 per cent) is expected to be sustained in the medium run. The leading players will benefit from it as India further consolidates its position as a global supplier," says Sai Krishna of ICRA. A recent research report from a leading credit rating agency underlines the fact that 'the medium to long term outlook remains favourable for the specialty chemical segment, aided by growth prospects in the domestic market as well as robust demand from the export segment. Further, the segment will also benefit from increased domestic feed stock availability in the medium term, supported by trade protection measures from the Government.' With the strong presence of growth triggers, Devansh is expecting a significant, consistent jump in financial numbers. "In a cumulative sense, we are looking at a topline of

Inox GFL's Dahej plant: the country's largest fluoropolymer plant

a billion dollars in the next three years and a 35 per cent margin. In FY22-23, our revenue will be in the ₹4,000-4,500 crore trajectory," he says. Recent reports by leading brokerage firms also point in this direction. For instance, the latest report from Edelweiss underlines its revenue touching the ₹5,100 crore trajectory by FY25 and EBITDA figures reaching close to ₹1,800 crore. The ICICI Securities report projects the topline number crossing the ₹4,700 crore level in three years.

CURRENT CAPACITY (MW)

Plant location	Una, HP	Rohika, Gujarat	Barwani, MP
Nacelles & Hubs	1,100	–	–
Blades	-	800	800
Towers	-	300	300

While the mainstay business driven by fluoropolymers seems to be on the roll, the growth scene may not be as clear for the wind energy business even as the focus is returning with the government's massive renewable targets of over 450 GW by the end of this decade. "The policy disruption is behind us. We now have 16GW of wind capacity bid out and under various stages of installation. And there is more focus on hybrid auctions. Historically, we have done 3-5 GW of wind capacity annually which will soon move to the 5-7 GW range, which is huge. There is major push from PSUs; even NTPC wants to add 2GW of wind annually," Devansh points out. But according to Manish Singh, while hybrid tenders ensure a fresh push to wind energy which is now clearly playing second fiddle to solar power, there could be issues going ahead. "There could be technological and operational challenges. It would be interesting to see how this hybrid formula works."

In the best-case scenario and on the basis of its current order book, the company is expecting major augmentation in its revenue. And to harness its mainstay O&M capability in wind business, the company's material subsidiary, Inox Green Energy Services Limited (Earlier known as Inox Wind Infrastructure Services Limited) (IGESL) has intimated the stock exchanges on 6 December 2021 for raising of funds through initial public offer."In the renewables business, while we faced some headwinds in the past due to policy changes in the wind energy sector, the renewables sector is bouncing back. With the fund raise plans that we have announced, we are confident of returning to positive territory and generating strong positive cash flows in this business too," says Manoj Agarwal. The company intends to raise ₹500 crore through fresh issue and ₹400 crore through OFS by Inox Wind Limited. Post the split, Inox-GFL certainly seems to be making swift moves, having found a new spring in its step. ◆

RITWIK SINHA
ritwik.sinha@businessindiagroup.com

Safety first

PHOTOS: SAJAL BOSE

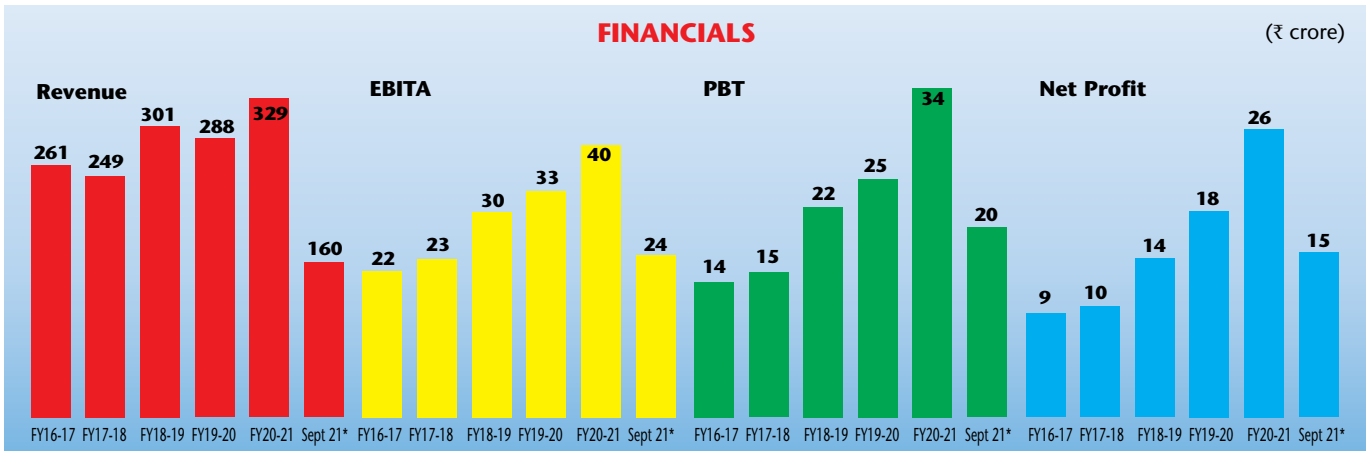
Ajay Kumar Mall: we offer a large product basket

A large exporter of industrial PPE, Mallcom India is expanding its capacity on the back of the emerging market

Unlike previous years, safety in the workplace is now the rule of the game, and various industries are concerned with the safety of their workforce and take steps to ensure this. Industrial PPE (Personal Protective Equipment) such as safety helmets, eye protectors, safety hand gloves, shoes and clothing are used in industry as a second line of defence to safeguard the life and limbs of workers who are exposed to physical, chemical and biological hazards.

There has been a quantum leap in the industrial PPE segment in the last 10-15 years due to public awareness, and the result has been effective safety supervision by management and strict implementation of laws. However, the segment faces a major threat from the unorganised sector, which controls more than half of the total ₹8,000 crore domestic market.

Facing challenges from counterfeit and spurious products, organised manufacturers have been focusing on new technologies, and one of these is the Ajay Kumar Mall-owned Mallcom India Limited. With a workforce of 3,000, the Kolkata-based, BSE listed company is one of the largest producers of industrial PPE and has been investing substantially to develop modern application



*6 months ended

engineering and strengthen its competitive advantage.

The company serves as an original equipment manufacturer (OEM) vendor to the world with customers spread across Europe, USA, South America and Oceania. It also sells under its brand name 'Mallcom' in the Indian subcontinent and Middle East through its dealer network. "Our USP is failsafe quality and the largest product basket in the industry. We are the customer's first choice and meet their needs," says Mall, founder and chairman of the company.

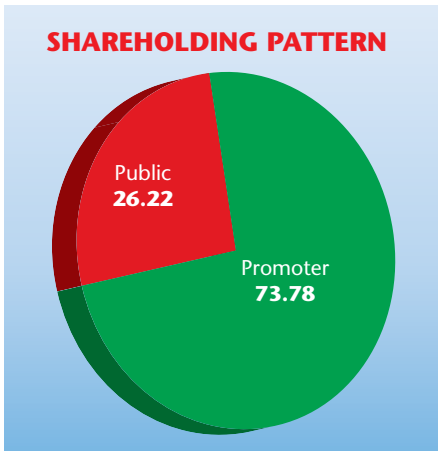
Rohit: we have to move with the times

Identifying opportunities

Mallcom is the success story of a bootstrap start-up. Mall was born and brought up in Calcutta. His father was a marketing professional and worked in several large business groups in Calcutta such as Bangurs, Birlas and ITC. After obtaining his CA degree, young Mall started his own firm to offer accounting services to corporates and individuals. But after a while the ambitious young man realised it was not very exciting and nothing 'big' could happen. He then decided to get into the export business, taking a lead from his father. With a knack for identifying opportunities, he began his journey with the indenting business. Mall would get tender for log exporters from Malaysia and Singapore. He made a fortune with several deals. "The huge commission I earned was the seed capital for my present business," recalls Mall, 62.

In 1983, he founded Mallcom India as an export house and started exporting industrial leather gloves. The volume and the product range increased gradually. In 1986, Mallcom sent its first large consignment: ₹2 lakh worth of safety gears to Germany. Further, to explore the overseas market, Mall started visiting OEMs and dealers in industrial protective gear in Europe. "It was a stepping stone for us. This has given me huge exposure to the export market and international trade tricks," says Mall. He then decided to set up his own manufacturing unit in 1988 and his second factory came up two years later in 1990. Mall also replaced his Chetak scooter with a second-hand Ambassador car for his family. The company steadily strengthened its OEMs and customers spread in the overseas market. Today, Mallcom is a reputed name in the industry.

From such a small beginning in 1983 with a first-year turnover of merely a few lakhs, Mallcom India has grown to become a ₹330 crore company, which presently employs 3,000 people, over 30 per cent of them women. Mall is now joined by his only son Rohit, 29, who is an MBA from IESE Business School, Barcelona. He was instrumental in starting the head protection unit in 2020 under the guidance of his father. The unit is situated at Bantala leather complex in Kolkata and has an annual capacity of 1.2 million pieces of safety helmets and 150 million pieces of face masks (industrial and surgical). "We have to move with the times. The head protection market has been growing at 10 per cent and we expect to generate 20 per cent revenue from it in the next five years," says Rohit. He is also actively involved in the company's digitisation, branding and also developing new product lines.



Last year, Mallcom forayed into industrial garmenting and set up a unit at GIDC Apparel Park SEZ, Ahmedabad with an investment of ₹22 crore. This unit will be producing high quality protective clothing and rainwear for European customers. The second project is coming up at Ghatakpukur, to the east of Kolkata, on a 7.5-acre plot. The first phase of the ₹50 crore unit will be operational in July this year. The unit will cater to both the domestic and export markets. "We have a strong balance sheet with net cash. All our expansions are being funded through internal accruals," says Shyam Agarwal, CFO of the company. It expects to generate a significant topline growth from these units in the next three years.

Mallcom India presently has 13 manufacturing facilities across three states: West Bengal, Gujarat and Uttarakhand, of which 11 are in and around Kolkata. It provides the entire gamut of protection from head to toe, such as safety helmets, bump caps, face masks, several types of hand protection, safety shoes, etc. These products are supplied across several industries like aerospace and aviation, agriculture, automobile and auto ancillary, oil and gas, petrochemical, biotechnology, glass and ceramics, healthcare, cement, chemicals, and the infrastructure sector. "Our aim is to bring the highest quality products to every worker and encourage a safer environment," says Mall. During the second

Technology plays a key role.

wave of Covid, the company diversified into medical PPE. It also donated face masks and disposable PPE to the West Bengal government.

All the company's facilities are compliant with ISO, SA, SEDEX and Fair Wear as well as modern lab standards as per European, Indian and American norms. The workmen are trained to comply with these international quality standards. It also pays attention to aesthetics and cost efficiency. Products go through stringent quality parameters before rolling out from its units. Mallcom has also launched the world's strongest hand protective gear made of Dyneema fibre. This patented product is manufactured in Falta, near Kolkata. The dipping unit here uniformly coats products with Acro-Nitrile Butadiene Rubber which helps in taking care of the major stress points of industrial gloves. However, the company needs to improve its housekeeping in the plant premises.

Mallcom also owns a small tannery and knitting facility as part of its backward integration. All this has not gone unnoticed by international OEMs in the segment, which has strengthened the company's exports. Today, exports contribute to over 60 per cent of its revenue with the balance from the domestic market. Honeywell, Bunzl and Ansell are some of the global giants which source Mallcom's products. "Mallcom has partnered with us to develop a new range of high-performance work wear every season for some years now. Their consistency and commitment have allowed us to offer best-in-class products to our customers across the Benelux market region," says an exporter.

Customising products

Technology and innovation play a major role in manufacturing. The company spends 3-4 per cent of its revenue on R&D. "We also customise products according to customers' required specifications. Our products are designed with the finest materials and are crafted with premium workmanship, available at the most competitive prices," explains Giriraj Mall, executive director and younger brother of Ajay Kumar Mall. The company has over 300 SKUs. Saint Gobain, Maruti Suzuki, Renault Nissan, ITC, ABB, Tata, Aditya Birla Group, Siemens are some of the coveted domestic customers of the company. Mallcom is the second-largest player, after the Karam Group in Kanpur. It also competes with Bata and Liberty in safety shoes.

"The export market is a tough one for Indian producers but Mallcom has demonstrated it is capable of producing quality products for this market. It has won the hearts of customers. The company is widely recognised in industrial PPE," says Hemant Sapra, cofounder and global president of the Karam Group – a popular manufacturer for fall protection gear.

Mallcom reported gross sales of ₹330 crore in March 2021 as against ₹288 crore in March 2020. Net profit rose to ₹25.52 crore in 2021 from ₹18.26 crore in March 2020. The market cap of the company is ₹541 crore while the current stock price is ₹867 a share. The promoter owns 73.78 per cent of the company while the remaining 26.22 per cent is with the public. "Our business grew across all our segments, both in the domestic and export markets and we have demonstrated good results in the last few years; we are confident of presenting a good report card in the coming years," says Agarwal.

The company achieved a gross turnover of ₹160 crore for the six months ended September 2021 as against ₹123.68 crore during the corresponding previous period. Net profit for the six months till September 2021 increased to ₹14.60 crore as against ₹9.78 crore in September 2020.

The global industrial PPE market size is worth $60 billion and India's share is miniscule at the moment. China, which once controlled almost 30 per cent of the global market, is now gradually losing this to India. Post the Covid pandemic, the western market is somewhat wary of China and so buyers are shifting towards India. This is helping the Indian market to excel in safety wear. Sapra, who is also president of the Safety Appliance Manufacturing Association (SAMA) is bullish on the growth in the segment.

Mallcom has shown it is capable of remaining a significant player in the segment. With workmen safety likely to increase, the company has set a target to achieve a top line growth of ₹500 crore in the next two years. ◆

SAJAL BOSE
sajal.bose@businessindiagroup.com

Impact of VseV on tax disputes

A timely curation of shortcomings could have made this voluntary scheme more effective

A quick, consistent, transparent, and fair dispute resolution system is imperative for the taxpayer; also, for the economy. India has an elaborate structure for dealing with tax disputes. However, despite such an established large structure, taxpayers have been experiencing frequent and multiple disputes, sometimes unnecessary too, at times creating risk and uncertainty long before they are resolved. The reasons for such disputes are myriad, quite often due to arbitrary/aggressive tax adjustments by the tax administration followed by senseless appeals to higher judicial forums to protect that. Legislative ambiguity and lack of administrative guidelines have also contributed to the situation. Even the tax administration suffers from an ensuing lack of confidence among taxpayers; often reflected in sub-optimal tax collections besides creating pressure on both taxpayer and tax administration to pursue disputed demands. As per some estimates, the total tax amount stuck in disputes is about ₹19 lakh crore, totaling more than 5 lakh cases in various appellate forums.

The government brought out the Vivadse Vishwas (VseV) scheme through a Direct Tax Act on 4 March 2020, and quickly notified its rules through a circular (no. 7/2020), clarifying various issues about the scheme by way of FAQs. The objective behind the scheme was to resolve pending tax disputes – put a stop to the litigation and achieve finality by paying the tax component of the dispute. The government was to waive penalty and interest on the disputes, and also offer 50 per cent discount to settle revenue appeals as well as taxpayers' appeals where the taxpayer had a favourable precedent by a higher court. Early birds, filing for settlement before 31 December 2020 and paying the settlement amount by 31 March 2021, were preferred as against those who paid after 1 April 2021 as they would have to pay an additional 10 per cent of tax.

Initially, the scheme's validity was up to 31 March 2020, which was extended to 30 June 2020 due to the pandemic. The government also endeavoured to improve the coverage of the scheme, and so issued another circular (no. 9/2020) on 22 April 2020, withdrawing the earlier one. All disputes which were pending before different appellate forums such as CIT(A), DRP, ITAT, High Court, Supreme Court, as on 31 January 2020 or where time to file an appeal had not expired on 31 January 2020, were eligible to avail of the scheme.

The government went all out to make the scheme successful, proactively publishing various FAQs addressing practical difficulties; for example, allowing credit of taxes to the other party when a taxpayer settles his withholding tax appeal, etc. Overall, the tax officers were forthcoming in resolving disputes; they endeavoured to provide clarifications on nuanced situations and were open for discussion.

SANJAY KUMAR

The author is is Partner, Deloitte India

The result of such a proactive attitude, as per a government response to a Parliament question, was that the VseV scheme received 1.32 lakh declarations covering tax arrears of ₹1 lakh crore; these covered 29 per cent of the pending direct tax disputes. The absolute number of cases seems impressive, but in terms of revenue realisation, the scheme seems to have fallen short of expectations. No doubt the amount of revenue struck in tax disputes seems bloated. That, however, is because it also includes a big chunk of cases, largely the search and seizure cases, where the tax departments may have done 'protective' assessment.

One can argue that the VseV scheme was not unique in its content. The government at different times had brought in schemes: Kar Vivad Samadhan Scheme (KVSS) in September 1998 and Direct Tax Dispute Resolution Scheme (DTDRS) in 2016. KVSS resolved 33,918 disputes involving ₹7,38.74 crore while DTDRS resolved 8,653 cases, involving disputes worth ₹631.07 crore. So, in that context, VseV has definitely scored better.

Practitioners and analysts do, however, point to a few aspects which could have made the scheme even more efficacious in resolving disputes. One such area is search and seizure cases. This was particularly important, given that the Settlement Commission, a forum to 'settle' this segment of cases, has been wound up, and so there is no other choice to taxpayers but to litigate.

Another aspect relates to the design aspect. The scheme did not allow issue-wise dispute resolution. It was either all the dispute issues together or none at all. This made many taxpayers, who had a favourable court ruling available to them on some issues, turn away from the scheme.

Many taxpayers also felt that the government was giving a waiver on interest and penalty under the scheme, but there was no way to adjudge where some of the tax adjustments made under the audit were appropriate. There are certainly some assessments of substandard quality – non-speaking orders, sometimes lacking judicial discipline or misinterpretation of judicial precedents, also due to pressure on tax officials to augment revenues thereby causing arbitrary/frivolous demands in these cases.

A timely curation of these shortcomings could have made this voluntary scheme even more effective. ◆

Expansion drive

Production-linked incentive (PLI) scheme to propel Sangam India's exports

After China and the EU, India was the world's third-largest exporter of textiles in the world in 2020 as it has the highest acreage for cotton compared with the other major nations, with 13.4 million hectares in cotton.

Global brands and retailers have started expanding their manufacturing horizon outside China as during the pandemic, many countries across the globe realised the consequences of over-reliance on a single source in the manufacturing sector and India stands out as an attractive option in terms of labour costs, ease of doing business and skilled workforce, along with incentives provided by the Government of India, such as the production-linked incentive (PLI) scheme for synthetic or man-made fibres (MMF) to propel exports and increase production to cater to additional demand.

With this as a backdrop, Sangam India Ltd (SIL), a producer of polyester viscose (PV) dyed yarn and seamless apparel, has announced an expansion plan of ₹137.25 crore in its manufacturing facility. "This expansion plan will witness infrastructure development at SIL's manufacturing facility in Bhilwara, Rajasthan. The move is aimed at increasing the capacity of its cotton yarn business by 47 per cent and knitted fabric business by 28 per cent," explains S.N. Modani, group MD and CEO at SIL.

Modani holds a PhD in 'strategic management practices for a sustainable future', along with a Master's in Science (MSc), and a BSc (honours) in Chemistry, as well as an MBA qualification along with a Post-Graduate Diploma in Cement Technology from NCBM, Faridabad. He has rich experience in the textile industry. Modani's stints include association with some of India's leading industry bodies. He has been a Committee Member (Leaders Forum) of the Federation of Indian Chambers of Commerce & Industry (FICCI) and a Member of the HRD Committee of FICCI.

Modani: rich experience

The expansion funds will be strategically phased out over FY21-22. The planned manufacturing expansion is expected to witness an increase in revenue potential by 15 per cent from FY22-23. The total cost of the expansion project is funded partly by term loans of ₹102 crore and the balance ₹35.25 crore through internal accruals. The expansion programme will result in the installation of 32,832 spindles and six knitting machines for the manufacturing of cotton yarn and knitted fabric.

"Despite the two unprecedented and challenging years of the pandemic, we are considerably satisfied with the performance," adds Modani. SIL's FY21 revenue stood at ₹1,791.45 crore, down from ₹1,882.64 crore, while the profits slid from ₹15.31 crore (FY19) to ₹5.38 crore (FY21). But for the six months ended September 2021, its turnover is ₹634.92 crore and the net profit has bounced back to ₹29.80 crore.

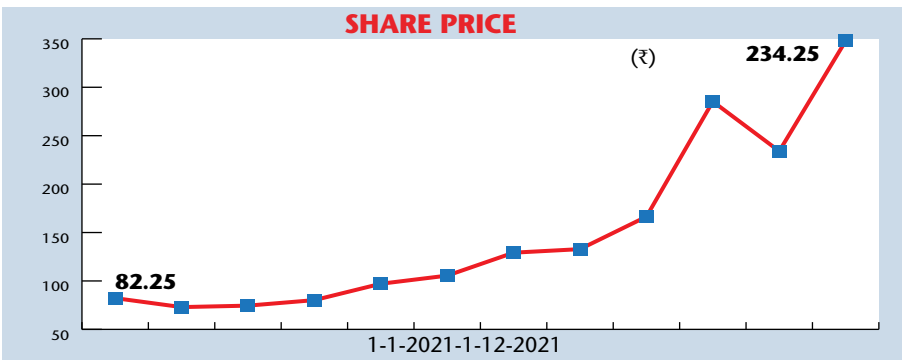
Infra expansion

"Going forward with the machinery capacity development, we plan to achieve an approximate increase of 15 per cent in our overall business. After we have set foot in this phase of our infra-expansion, SIL is aiming to strategically leverage the D2C market and the digitised textile space to further elevate our reach and supply in India and overseas," says Modani.

For starters, SIL, headquartered in Bhilwara, Rajasthan was established in 1984 and started with only eight weaving machines. It now has PV dyed yarn, cotton and OE yarn and has moved into ready-to-stitch fabric. SIL has a presence in over 50 countries. The NSE & BSE listed company produces 35 million metres of PV fabric and 48 million metres of denim fabric annually. This magnitude of production is possible with a highly organised production base equipped with more than 2,36,000 spindles and 3,000 rotors.

"The group has also introduced a seamless garment manufacturing facility with 52 seamless knitting machines that have the capacity to produce 5.4 million pieces per annum" adds Modani pointing out that the Sangam group has celebrated many such milestones in its journey so far.

Some of them include backward integration to spinning in 1995 with 17,280 spindles of PV dyed yarn, with a further



increase to 11,520 spindles in 1998. In 2003, the company built a 10.0 MW coal-based captive powerplant by adding 35,232 spindles. In 2009, it installed 1.13 lakh spindles, 130 weaving machines, 12 knitting machines and captive thermal power plants of 6 and 15 MW.

The company's major expansion kick-started in 2014, as the group saw an increase in denim capacity to 35 million metres per annum and installation of state-of-the-art seamless garment machines with capacities of 3.6 lakh pieces per annum,

The next big step was venturing into the B2C market space with the launch of C9 Airwear, a casual wear and active wear apparel brand for women, in 2015. C9 Airwear is available across 1,000 multi-brand outlets in India and all major digital retail portals such as Myntra, Amazon, Nykaa, Flipkart, etc. The group's flagship brand, Sangam Suitings, operates through a distribution channel and has a pan India network of 10,000 retailers.

SIL, in the past 36 years, has expanded its business verticals across more than 50 countries. In the last five years, it has shipped over 100 million metres of denim and suiting fabric to 35 countries. This clearly captures the response from the international markets despite the pandemic and the uncertain situation.

"Exports play a very important role in SIL's balance sheet, with over 31 per cent of revenues being generated from the international market. We are expecting good growth in exports in the current financial year. We currently export our products to over 40 countries around the world," says Anurag Soni, director and CFO at SIL.

"As a brand, we believe in not only marking our presence in the industry but also creating a huge impact on society.

Soni: good growth in exports

Various initiatives are undertaken by our charitable trust such as holding blood donation camps and distributing medicine to the poor from time to time, giving scholarships to meritorious students from underprivileged sections of society, planting one lakh trees each year to create a clean and healthy environment, infrastructural development of parks in Bhilwara, and financial aid to widows on a monthly basis to reduce their hardship. We have opened a training centre, as permitted by the Government of India and Government of Rajasthan under the Apprenticeship Act, which is the first and only in the private sector of the state, where approximately 500 workers are being trained in various textile trades and are being provided with employment," says Modani.

Talking about the PLI scheme announced by the Government of India in the textile industry amounting to ₹10,863 crore: "It will definitely help the man-made fibre-based fabric, technical textiles and of course the apparel verticals of the textile sector. India has had a high-value addition in the spinning segment but less capacities in garments and technical textile, which need to be increased," adds Soni.

PLI boost

Nevertheless, this production-linked incentive will definitely give a boost to the Indian economy as well as the industry, as investments are expected to reach ₹19,000 crore. "This scheme is all set to be laid out, and in my opinion, Bhilwara being the centre of textiles and man-made suiting, will benefit the man-made segment of the industry," believes Modani. He is of the opinion that all players should seek its benefits to achieve greater exports and of course, enhance the domestic market.

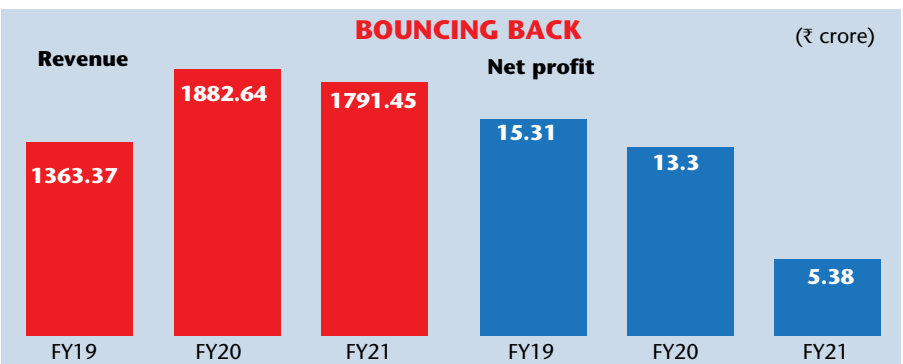
"Covid has taught us to be more flexible and adaptable in our day-to-day work. We have diversified our markets to ensure there is not a huge dependency on any one market, be it export or domestic. Also, we have scrutinised all overhead costs and tried to minimise the same to maintain a lean and effective system to compete in the most challenging of circumstances," adds Modani.

Looking at the current digital boom, SIL is also optimistically looking forward to adapting to different means of technology like computerised machines with respect to knitting, pleating, digital and laser printing.

"Not only business expansions but upskilling our existing employees will also play an important role in maintaining our economic balance which will eventually reflect in high returns with low investments," sums up Modani.

Lastly, India is the largest producer of cotton and the second largest manufacturer of polyester yarn in the world. The country's textile and apparel market was estimated to be worth ₹8,153 billion during fiscal 2021 and is projected to grow at a CAGR of 11-13 per cent from fiscal 2022 till fiscal 2026 and reach a value of ₹15,300-₹15,400 billion. During this period, exports are expected to grow at a CAGR of 9-11 per cent and the domestic industry will grow at the slightly higher pace of 13-15 per cent. This will benefit companies like SIL. ◆

LANCELOT JOSEPH
lancelot.joseph@businessindiagroup.com



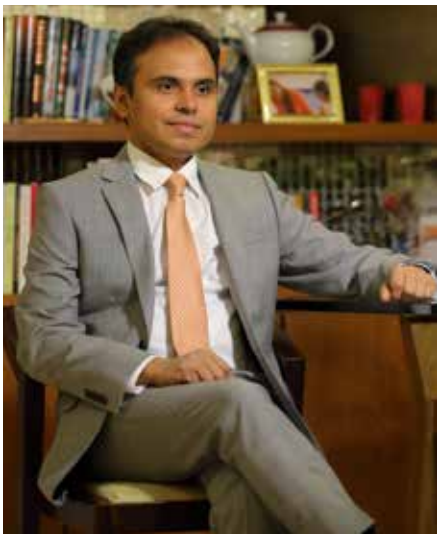
Expansion into North America

The acquisition of Neal Analytics deepens Fractal's cloud AI offerings, expanding its presence in North America

"We are excited about partnering with Dylan and his talented team at Neal Analytics. They have built a great client-centric, people-oriented culture, and have an impressive track record of solving and scaling artificial intelligence (AI) engineering challenges, especially on the Microsoft platform, for marquee clients. This partnership will accelerate our ability to power data-driven decisions end-to-end for our Fortune 500-sized clients," explains Srikanth Velamakanni, co-founder and group chief executive at Fractal, a global provider of AI and advanced analytics to Fortune 500 companies as he announced the acquisition of Neal Analytics, for an undisclosed amount.

Neal Analytics is a cloud, data and AI Microsoft Gold consulting partner, supporting data-driven transformation initiatives from data strategy to solution design, architecture, development, operationalisation, and support. Neal is headquartered in Bellevue, WA, with 200-plus employees across the US, Canada, and India.

Fractal is one of the prominent players in the AI space. Fractal's mission is to power every human decision in the enterprise and brings AI, engineering, and design to help the world's most admired Fortune 500 companies. Fractal's products include Qure.ai to assist radiologists in making better diagnostic decisions, Crux Intelligence to assist CEOs and senior executives make better tactical and strategic decisions, Theremin.ai to improve investment decisions, Eugenie.ai to find anomalies in high-velocity data, Samya.ai to drive next-generation Enterprise Revenue Growth Management, Senseforth.ai to automate customer interactions at scale to grow top-line and bottom-line and Analytics Vidhya, which is the largest analytics and data science community, offering industry-focused training programs. Fractal has more than 3,500 employees across 16 global locations, including the US, UK, Ukraine, India, Singapore, and Australia.



Velamakanni: powering data-driven decisions

"Neal Analytics strengthens Fractal's AI engineering capabilities and cloud-first offerings on Microsoft's multi-cloud ecosystems and enables clients to scale AI and power decisions; it also strengthens Fractal's presence in the Pacific Northwest, Canada, and India," adds Velamakanni.

A clear choice

"This is the successful culmination of a thorough, year-long process. Our goals were to find the best long-term home for Neal's 200-plus employees, a platform to scale faster, and the ability to play a bigger role in this fast-accelerating space. Fractal was a clear choice. Our culture and vision are 100 per cent aligned. This is an exciting opportunity to empower our people and work alongside like-minded practitioners to transform businesses with cloud, data, and AI. It will enable Neal Analytics and Fractal to grow and achieve more together," says Dylan Dias, CEO, Neal Analytics, which was founded in 2011, partnering its cross-industry clients, such as PepsiCo and Microsoft, in their data-driven transformation initiatives. Neal Analytics' team brings deep expertise on the Azure stack – across data science, AI and ML, IoT, Edge Computing, BI, application development, migration and modernisation, and automation. Neal Analytics also has partnerships with Intel, Nvidia, and Databricks.

"Hyperscale cloud infrastructures are enabling organisations to be more agile and improve their business performance to better serve clients. Neal's award-winning experts in Microsoft's Azure and cloud technologies have been helping organisations to securely migrate, modernise and accelerate their business transformation within the cloud for more than a decade. We are delighted that this acquisition of Neal will further strengthen our rapidly growing analytics, AI, and data engineering business in North America," observes Satish Raman, Chief Strategy Officer, Fractal.

Earlier in January 2022, TPG, a global alternative asset firm, and Fractal announced the signing of a definitive investment agreement. TPG will invest $360 million in Fractal through TPG Capital Asia, the firm's Asia-focused private equity platform, in a transaction that includes a combination of primary investment and secondary share purchase from funds advised by Apax, which will remain a major shareholder following the transaction. The transaction is expected to close by the first quarter of 2022.

"We continue to see great momentum in how clients are leveraging AI to accelerate digital transformation. Fractal is building a great workplace and an innovative culture that's driving significant client outcomes through our 'user focused, decision-backwards' approach to solving problems," concludes Velamakanni.

Pranay Agrawal, co-founder & CEO, Fractal, says: "The demand for AI is surging across the enterprise. Our AI solutions and products, along with our globally recognised team of experts, empower these organisations to realise and maximise their full potential. Apax has been a great partner to us as we have worked to grow our business, providing valuable insights from their tech experience, operational leadership, and access to their unique network. ◆

LANCELOT JOSEPH
lancelot.joseph@businessindiagroup.com

Grooming takes off

Wahl is looking to launch its global best sellers

In 1911, Leo J Wahl discovered the electromagnetic motor. He realised that he could use this kind of motor to make a medical massager for his uncle, J Frank Wahl. As a student, Leo designed the massager and Frank began manufacturing them in a small plant in Sterling, Illinois. In 1919, he took over the business and founded Wahl Clipper Corporation (WCC). Since then, the company has been the leader in the hair grooming industry. Even today it is still a family-owned company that is passionate about continuously designing quality products for their customers.

Back in India, Wahl India started its operations as a wholly owned subsidiary of WCC way back in 2011. "This year, we celebrate a decade of our operations in India. We have grown from strength to strength and brought superiorly engineered and technologically advanced products to our Indian consumers," explains Balaji Purushothaman, a board member and MD at Wahl India Grooming Products Pvt. Ltd (WIGPL). He has worked in the US and South Asian countries.

"Our main focus when we launched the brand 10 years ago was to educate our audience about the brand and why it is such a differentiated offering. Setting up the distribution network was also of prime importance, along with setting up the service infrastructure. We now have four categories namely: professional, consumer, massagers and pets," adds Purushothaman, who sells his products via multiple channels, through distributors and e-com portals in all the major Indian cities. The company has forayed into modern trade with chains like Croma, Reliance Digital, Vijay Sales, Health & Glow, Fynd.com, Lotus, Lulu, to name a few who sell Wahl grooming products. "Our focus is also to keep growing and making inroads into new accounts, both online and offline, to further strengthen our brand proposition and increase sales."

"I have been using Wahl for all my clients' grooming and styling needs. Every haircut has a crisp finish and clean lines all thanks to the innovation they put into their tools and world class engineering. I am not just a proud Wahl user, but an advocate of the brand to my fellow students and barbers too!" says Ram Koniki, an acclaimed barber and hairstylist.

Purushothaman: growing from strength to strength

Strong demand

"As an individual, I believe in transparency and giving the best to my clients. I am one of the earliest company-appointed distributors of Wahl India and my association with the brand goes back almost a decade. My distributorship has always witnessed a strong demand for the brand because of the lineage that Wahl products carry, their efficient customer service and their core values of integrity and trust which they embody and practise while dealing with us distributors," says Murtuza of M/s Zubin Distributors.

The men's grooming products market was valued at $55.22 billion in 2020, and it is projected to witness a CAGR of 4.29 per cent during the forecast period, 2021-2026. "The market for men's grooming products has been moderately affected by the Covid-19 pandemic and rise of do-it-yourself (DIY) grooming. Men are experimenting with their looks during the lockdown regime, which has marginally increased the sales of men's grooming products," says Purushothaman.

As for the Indian grooming industry, the Indian male grooming market stood at $208.22 million in FY20 and is projected to grow at a CAGR of over 20.97 per cent to cross $590.54 million by FY26. "The main factors include rapid urbanisation and growing consumer demand for more convenient and professional grooming products. Furthermore, there has been a rising demand for professional products like hair curlers and hair straighteners in India owing to the upcoming middle class with rising disposable income," adds Purushothaman pointing out that the trimmer segment led the market in FY20 with a share of over 73 per cent. "Increasing advertisements and growing sales volumes of trimmers are expected to drive the trimmer market in the next five years as well."

Men are the emerging disruptors and young, male consumers above the age of 16 are changing consuming patterns in the industry. "They are changing how styling, grooming and personal care is looked at. We have seen a paradigm shift in our business with regard to that. Men's grooming falls in line with our core business and we carry the necessary expertise to satiate the hunger of Indian males looking to groom themselves with the finest products, be they clippers, trimmers or our newly launched grooming products range for men," adds Purushothaman, who after spending a decade of operations in the Indian market, feels there is a dearth of education when it comes to helping consumers choose, use and excel using professional grooming and styling tools.

"We have spent a pretty penny, time and effort to help educate the audience. We are seeing the benefits of this exercise. Education is one of our pillars at Wahl globally and as an MNC, we focus on holistic development," sums up Purushothaman who is looking at launching the company's global best sellers, and is one step closer towards that milestone. ◆

LANCELOT JOSEPH
lancelot.joseph@businessindiagroup.com

Frying pan to fuel tank

ARIS BioEnergy converts used cooking oil into bio-fuel

Waghdhare: making society greener and healthier

Haldiram, the Taj group of hotels and Barbeque Nation are a few of the retailers who supply used cooking oil (UCO) to Umesh Waghdhare's ARIS BioEnergy Pvt Ltd which has carved out a niche converting it into bio-fuel. "Initially it was tough to collect the UCO. Aggregation was the biggest challenge," explains Waghdhare, MD at ARIS, "but we did it with our team collecting it on electric vehicles from the outlets with a mission to promote sustainable fuel development by converting UCO into bio-fuel. We are going gentle on the environment by using EVs to collect UCO from various outlets."

In January 2018, Waghdhare started ABPL, exploring this uncharted territory of the biodiesel sector, and realised the need for an intense network model to aggregate UCO. Within three months of its inception, he and his team collected approximately 25,000 kg of UCO from 8,000-plus eateries and retail outlets in Mumbai. ARIS is an eco start-up, which has helped reduce approximately 2.75 million kg of carbon dioxide (CO_2) emissions while creating green jobs and preventing 1,500 tonnes of UCO from entering water bodies or being used for adulteration.

ARIS, backed by technology, legitimises UCO by collecting from eateries and supplying it to biodiesel manufacturers. Their network of collection partners pick up UCO on a set schedule and reach every food business operator (FBO) in the shortest possible time. The technology used tracks every drop of oil through a mobile app from the point of pickup to the point it is converted to biodiesel – leaving no room for any spills or wastage during the process of collection.

Their network of collection partners, who are readily available for scheduled pick-ups of filled cans, approach each UCO producer with collection cans and place the cans on their premises. The UCO cans are bar-coded and sealed before being transported to the refinery, ensuring a hassle-free experience.

Aggregating UCO

It is estimated that on an average, each person in the country consumes 18 kg of oil every year, which accounts for an annual consumption of approximately 24 million tonnes of edible oil. Small quantities of UCO are spread across thousands of outlets and around 30 per cent of edible oil is consumed in commercial establishments like hotels, eateries, restaurants, canteens, cafes, as well as many food manufacturers (for instance those that produce chips).

"During the process of frying, the quality of oil deteriorates, and when the same oil is repeatedly used in frying, its physicochemical, nutritional, and sensory properties change. It also leads to the formation of total polar compounds (TPC), which make the oil unfit for human consumption. FSSAI, the regulating body, has notified the limit of TPC to be not more than 25 per cent, beyond which the oil is unsafe for human consumption," says a chef at a five-star hotel.

Once edible oil becomes unfit for human consumption, it needs to be discarded properly. Most UCO is wrongly discarded and dumped into the environment through aquatic sewage. According to oilcare.org.uk, one litre of oil can contaminate one million litres of water. "Hundreds of tonnes of UCO are disposed of into drains and water bodies every month. Many a time, UCO is resold to street vendors for frying. Our mission is to aggregate used cooking oil from thousands of eateries or food business operators and convert it to biodiesel," says Waghdhare who has been doing this from major points in Maharashtra as well as other neighbouring states such as Goa, Gujarat, Karnataka, and Telangana in just the last six months. Their first biodiesel plant is coming up in Khapoli in Maharashtra in 2022.

For the refinery, Waghdhare has signed a joint venture agreement with Green Fuels UK, a manufacturer of biodiesel plants. "We will have them as our technology partner to build refineries throughout the country. These biofuels are 95 per cent carbon-free which increases the life of the engines and is environment-friendly. The collected UCO is converted into 100 per cent biofuel after the transesterification process with glycerine as the by-product," who has the LOI from the OMC to supply Biodiesel to them.

Biodiesel is a renewable and clean-burning fuel. It helps in reducing dependence on imported diesel while creating green jobs and improving the environment. "ARIS was formed with the dual intent of making society greener and a healthier place to live in by leaving behind a cleaner, greener, fossil fuel- and carbon-free environment for future generations. We are reaching out to residential areas and retail outlets to create awareness on the hazardous impact of consuming UCO and also offering a sustainable solution."

Despite extensive overseas demand for UCO for conversion, ARIS prefers collecting, manufacturing and supplying its production only to its home country India, rather than abroad. ◆

LANCELOT JOSEPH

lancelot.joseph@businessindiagroup.com

ESG: Time to think and act

The ESG framework is a powerful tool for helping companies drive sustainability

The renewed international focus on sustainability and climate change is very welcome and it's wonderful to see the constructive dialogue and collaboration between stakeholders on measures that can be taken to mitigate the impending climate crisis.

Global capital has been playing a pivotal role in driving sustainability and large asset managers have been actively championing Environment, Social and Governance (ESG) investing for almost two decades now. The onset of the Covid-19 pandemic acted as a catalyst in exponentially stepping up investor interest in ESG and building sustainable companies that take care of both People and the Planet. According to a Harvard Business Review article, 63 investment companies with $6.5 trillion in Assets Under Management (AUM) signed a commitment in 2006 to incorporate ESG principles into their investment decisions and by April 2018, this number had grown to over 1,700 investment companies and represented $81.7 trillion in AUM.

The evolution of the ESG framework can be traced back to the UN Scientific Conference, also known as the First Earth Summit, held in Sweden in June 1972. It set out principles and an action plan containing recommendations for international environmental action. The UN Global Compact in 2000 called for business and non-business entities to proactively network and engage in areas of human rights, labour, environment, and anti-corruption. The United Nations Principle of Responsible Investment (UN PRI) followed suit in 2006, with an objective to gauge investment implications of ESG factors.

As the world united during Covid-19, citizens have also paid a large role in intensifying the debate and discussion on the interconnectedness of sustainability concerns with the larger global financial system. Apart from the impact of the Work From Home (WFH) model on the environment, we have witnessed deepening of investor considerations on themes such as Diversity & Inclusion at the workplace, Data privacy & confidentiality, Employee health, safety & well-being and other non-financial factors.

A McKinsey study states that focus on ESG can help companies reduce cost and positively impact operating profits by as much as 60 per cent. It is also true that strong ESG programmes are attracting investor interest as they serve the twin advantage of driving sustainability whilst helping companies unlock competitive value.

The adoption of ESG is getting more broad-based as well. According to a 2017 NASDAQ report, an institutional investor put the inclusivity ethos into action by voting against the re-election of directors at 400 companies where it perceived little or no visible effort to appoint women on their all-male boards.

JUDHAJIT DAS

Driving sustainability and ESG adoption It is evident that ESG adoption has now moved from being a feel-good exercise or a risk-mitigating tool to being closely integrated with the business model and strategy. Companies can drive sustainability by not just committing to protecting the environment but by enhancing the quality of life of their customers and employees by developing products, services and solutions that reduce their carbon footprint, recycle waste and conserve resources. Investors too can make judicious investments in companies that demonstrate commitment and track record in implementing initiatives that promote sustainability.

Consumers value differentiated service and guard their privacy closely. Organisations must safeguard consumers' need for data privacy by making sure that there is a comprehensive data privacy policy and data security management infrastructure. They need to protect the interests of consumers, institute fair sales and marketing policies, and have a comprehensive consumer grievance redressal mechanism. To build a more fair and equitable society, companies will also need to strive harder for securing financial inclusionby enabling greater access to the underprivileged and the underserved.

The pandemic has led to employee health, safety and well-being being accorded the highest business priority and top companies have taken multiple initiatives to support the physical and mental health challenges of their workforce. Going forward, attracting and retaining a diverse and skilled workforce will be an absolute imperative in driving competitive advantage. The millennial employee is guided by purpose and values and companies need to step up and demonstrate their commitment to sustainability and creating a fair and inclusive workplace. Besides, they will need to demonstrate their commitment to transparency, ethics and robust standards of good governance.

Building an enduring institution demands putting in place robust policies, processes and systems that nurture a fair, equitable and inclusive culture that drives value for all stakeholders. The ESG framework is a powerful tool for helping companies drive sustainability by integrating the same in their business model thereby, ensuring that we all work collectively towards building an organisation that endures and creates value for future generations. ◆

The author is CHRO, ICICI Prudential Life Insurance

(The views are that of the individual and do not necessarily reflect the views of the organization)

Welcomgrowth

With four openings in a challenging year Welcomhotel is expanding rapidly, even as parent ITC Hotels is introducing two new brands to its portfolio

The new Welcomhotel, Katra

Going by the way 2021 rolled out, it wasn't the year for new hotel openings. Yet India saw a number of major new hotels, from marquee international brands entering the country to domestic brands expanding their footprint. Arguably none saw more expansion than ITC's Welcomhotel, which saw new Welcomhotels in Bhubaneswar, Katra, Chail, Shimla late last year and the launch of Welcomhotel Guntur earlier this month. "ITC Hotels' growth story is driven by an asset right strategy," says Anil Chadha, Chief Executive, ITC Hotels. "Welcomhotel continues to be one of India's fastest growing hospitality brands, spreading its footprint far and wide. The brand witnessed strong recovery due to vaccination drives and reopening of business with the ease of restrictions that encouraged more footfalls. Domestic tourism began to flourish with Indians making short trips and exploring the unexplored gems of India along with the prominent tourist destinations. Present in locations ranging from hills to beaches, and deserts to cities, the hotels skilfully blend with local aesthetics and modern-day comforts along with ITC Hotels' renowned culinary expertise."

Rising up to challenges

Of course, the previous couple of years have been unprecedented for the industry, and ITC too has responded in several ways. "The 'WeAssure' initiative aims at enhancing the existing hygiene & cleaning protocols across all Welcomhotels addressing every facet of operations," explains Chadha. "The promise of delightful experiences is enriched by stringent hygiene standards to enjoy unparalleled comfort with peace of mind.

Both our city as well as resort destinations have picked up pace with domestic travel feeding off pent-up demand. We also expect international tourism to get back on track with increasing ease of restrictions globally."

The pandemic surely altered the shape of the industry particularly due to the lockdowns and travel restrictions throughout thereby significantly restricting the footfalls, admits Chadha. "We worked as a team to face this unforeseen challenge to maintain stability in the business. We ensured that we use this time towards developing new properties and elevating health and hygiene protocols. ITC Hotels' Feel Good Menu was also thoughtfully designed and packed with local flavour and immunity-boosting ingredients in dishes that are delectable and healthy. Witnessing the steady recovery, I can proudly say that we are surely blessed with the most reliable and efficient support from all our team members, associates and partners."

All major hospitality brands saw a drop in business travel in 2020, with leisure travel emerging as the bright spot for most. "While there is no single trend that applies to all leisure destinations, we are seeing an overall upswing across the board," says Chadha. "Occupancies across business destinations are growing steadily, driven by a mix of business travel and leisure stays."

Chadha: asset right strategy

ITC Hotels is part of the mega conglomerate ITC Limited. ITC Hotels operates 59 hotels under ITC Hotels, Welcomhotel and Fortune Hotels brands. The group also has joint venture with Jodhana Heritage for the WelcomHeritage brand, under which there are more than 35 hotels. In ITC's Annual Report 2020, ITC Hotels had a gross turnover of 3.94 per cent and a net turnover of 4.03 per cent as percentage of total turnover of the company, which reported a revenue of ₹74,979 crore in 2020. ITC Hotels, however, did not share the extent to which its top line revenue, occupancy and average room rates (ARR) were impacted by the Covid.

ITC HOTELS-AMRITSAR

Feel welcome

Welcomhotel continues to be one of India's fastest growing hospitality brands, spreading its footprint far and wide, stresses Chadha. "The brand witnessed strong recovery due to vaccination drives and reopening of business with the ease of restrictions that encouraged more footfalls. Citycations/staycations and workcations have been on the rise with guests checking-in to just unwind with their friends and families while fulfilling their work commitments. Petcaytions are very popular as friends and families like to holiday with their pets."

ITC HOTELS PINE N PEAK, PAHALGAM

From mountain locations to beach destinations and urban hubs, 22 Welcomhotels are spread across India

ANDAMANS: Port Blair
ANDHRA PRADESH: Guntur, Visakhapatnam
CHANDIGARH: Chandigarh
DELHI: Delhi
GUJARAT: Ahmedabad, Vadodara
HIMACHAL PRADESH: Chail, Shimla
JAMMU & KASHMIR: Katra, Pahalgam
KARNATAKA: Bengaluru
MAHARASHTRA: Aurangabad
ODISHA: Bhubaneswar
PUNJAB: Amritsar
RAJASTHAN: Jodhpur, Khimsar
TAMIL NADU: Chennai (2), Coimbatore, Mamallapuram
UTTARAKHAND: Mussoorie

At the heart of everything at WelcomHotel, says Chadha. "And lies the thought of 'enrichment'. And it is this vision that helps enrich the lives of the guests, the community, and our hotel associates through integrated efforts and holistic initiatives. From curated journeys that enhance leisure trips, to those that help maximize the efficiency of business stays, at WelcomHotel, every effort is made to add value to the new-age traveller."

Each Welcomhotel property boasts a scenic setting unlike another and renders itself to several interpretations, from bohemian and minimal, to elegant and luxe. A unique blend of vintage architecture and endless serenity with sophisticated facilities, amid tranquil surroundings, these properties ace the décor and ambience of the cities' native beauty and vibrant lifestyle.

The touch of local integration in the Welcomhotel Experience is enhanced by the Welcomsthalika, points out Chadha. "Guests can savour an assortment of popular regional dishes curated by chefs, that come laid out on a single platter, in line with the brand's focus on going 'vocal for local'."

Chadha is confident about the better times ahead for the sector. "Leisure destinations, particularly the hills and beaches are witnessing exponential growth. As is the case with destinations within driving distance of the main metros." With the top tier ITC Narmada and ITC Colombo One also slated to open this year, the group will surely hope for a bumper boost this year. ◆

SUMAN TARAFDAR
feedback@businessindiagroup.com

New Mementos and Storiis

Part of the new directions for ITC Hotels is the announcement of two new brands – Mementos in the luxury segment and Storii in the premium segment are the latest addition to the ITC Hotels portfolio. "We have already signed three Memento properties and many more are in the pipeline," reveals Anil Chadha, Chief Executive, ITC Hotels. "Brand Mementos will bring together a collection of unique hotels, across varied destinations ranging from modern marvels, hidden retreats to historic treasures. While, Storii, is a collection of handpicked properties, designated to satiate the ever-evolving needs of the discerning traveller.

ITC HOTELS EKAAYA, UDAIPUR

"From Mementos Udaipur earlier this month to Mementos Jaipur and Mementos Shimla, we are rapidly adding to the Mementos inventory," adds Chadha. "Brand Mementos helps us deliver unique luxury stays across different destinations through collaboration with asset owners who choose ITC Hotels for its top notch hospitality expertise."

Both Mementos properties in Udaipur and Jaipur are poised to be top favourites in the destination wedding segment, points out Chadha. "From the sprawling ballroom, vast pre-function, multi-break out rooms, green rooms and open garden spaces of over five acres, Ekaaya, Udaipur – the first Memento property makes for the perfect destination wedding. Mementos Jaipur presents a unique venue in Shahi Bagh, inspired by the Mughal Gardens. Spread over two acres, it offers a picturesque setting for grand weddings, special celebrations and MICE events."

Emerging star

Veranda Learning Solutions is building scale through acquisitions

Suresh: offering high quality programmes

Education training in India, particularly for major exams such as administrative services and chartered accountancy, were traditionally run on an offline model. But with covid-19 upending the offline model to a large extent, quality education to students in some of these critical fields has been found wanting even as demand has been mounting.

Enter ed-tech firm Veranda Learning Solutions (VLS), which is redefining the traditional offline model and integrating learning solutions through an offline hybrid and online blended format to students, professionals and corporate employees. This is a model that has taken off well in recent times and is the need of the times. VLS has quickly become one of the leading ed-tech firms, thanks to its key acquisition-led growth strategy, and focus on a better student-learning environment even in online formats.

VLS' blended model involves a mix of online content and offline delivery, where the centre delivers learning management systems study materials together with traditional classroom experience of personal mentoring, with a dedicated mentor in each class. This model along with extensively well-curated digital content and online assessments are proving game-changing to students, particularly where the course material is exhaustive, and requires intensive training.

"Our entire focus is to be an aspirational and affordable brand ensuring that we offer very high-quality programs, and make it available to the real India. And we want to ensure that these programs deliver outcomes the students want," says Kalpathi S Suresh, ED cum chairman, VLS.

This student-centric approach is central to VLS' growth strategy, and no one knows better than Kalpathi about tying students' aspirations to their wants and abilities. His parents were not highly qualified, and barely completed secondary school. Suresh, though, graduated from IIT Madras, through scholarships. He later went to Clemson University, South Carolina, to study electrical engineering taking a student loan from the State Bank of India for travel tickets as he could not afford the flight.

"It means a lot for students if they get high-quality education and at the same time one that is affordable. I know what it means, otherwise, I would not have been here," explains Suresh. "We aim to delivery curriculum high in quality, and we are reaching Tier-2 and Tier-3, and in all delivery formats that a student would want. We do not embrace online as the only way to provide this education, as we want to be in all formats," says Kalpathi.

Kalpathi's extensive experience in the education sector will be a plus point in this industry. He started his entrepreneurial journey in 1991 with SSI, which was listed on the Indian stock exchanges. Engaged in training students in short- term computer software courses with a franchise network, the education division was later hived off in April 2003, and merged with Aptech Ltd, another listed entity engaged in the business of computer education and training. In July 2004, the IT services division was split off and merged with Scandent Solutions Corporation Ltd.

In addition, the ed-tech market is on a strong wicket as both the offline and online hybrid model is expected to grow. "The Ed-Tech market is expected to grow at 30 per cent CAGR to cross $10 billion in 2025. The test preparation market is expected to grow the fastest at a 38 per cent CAGR with its market share increasing from 29 per cent in 2020 to 38 per cent of the Ed-Tech market in 2025," adds Kalpathi.

Acquisitions and expansions

Aiming to capture much of this growth, VLS as a part of its growth has been expanding through an acquisition-led model. Among its first acquisitions was a firm imparting education for competitive state public service examinations, Chennai Race Coaching Institute, also known as Chennai Race. This was a key brand in Tamil Nadu and Kerala, providing extensive coaching for staff selection commission exams, banking and insurance examinations, etc.

VLS changed the delivery model of the curriculum and expanded the languages in which these could be delivered, to Telegu, Kanada, Hindi and English, using hybrid-offline and online coaching, which is not quite easy in this format of education.

VLS rebranded this division as Veranda Race, even while the ed-tech company has been blending offline and online models doing quite well for students. The firm's offline hybrid learning model involves classroom teaching

supported with online assessments and access to self-paced learning material to enhance recall and retention.

VLS also acquired Brain4ce Education Solutions, known by its brand name Edureka. Edureka is one of the recognised online education platforms for technology professionals, and commenced operations in December 2011. In the past 10 years, it has built a brand with its online channels getting around 3.6 million unique views every month, and the firm provides skills on over 50 technologies.

Besides, VLS also offers student material for Chartered Accountancy examinations while developing highly curated learning units for all CA examinations. VLS has engaged 18 chartered accountants to impart this curriculum, and has developed over 1900 hours of digital material, developing one of the best test papers with over 30,000 questions. Veranda IAS offers coaching services to aspirants appearing for UPSC preliminary and main exams, and personality tests.

Growth strategies

Suresh believes acquisitions will continue as a growth strategy for the firm. "We believe we have benefited significantly from the acquisitions undertaken by us in the past, such as Race & Edureka. These acquisitions were undertaken with a view to enhance our segmental presence within the ed-tech vertical, expand our service offerings and delivery capabilities across a broader domain. We will, from time to time, continue to seek attractive inorganic opportunities that we believe will fit well with our strategic business objectives and growth strategy."

In fact, acquisitions have been a key strategy in the Indian education market over the years. Some of the new-age ed-tech companies have pursued it quite aggressively in the recent times. Reports also suggest that in India, there have been over 264 deals in educational technology that have taken place between 2016 and H1-2020. Test preparation has bagged 26 per cent of the total educational technology funding in the country.

Apart from acquisitions, VLS is also focussing on expanding in different states. VLS operates 23 preferred delivery centres (PDCs) in 23 cities and two states as of October 2021. It is planning regional expansion through PDCs in Hyderabad, Bengaluru and Gurugram, Kolkata and Mumbai. It is also launching content in other languages such as Hindi, Marathi, Gujarati, Bengali and Odiya over and above existing course material in Tamil, Telugu, Malayalam, Kannada and English.

In its other model, the Campus-in-Campus model, Veranda collaborates with educational institutions to provide coaching services where the teachers are trained by it and provide coaching services in classrooms of educational institutions. The educational institution is equipped to provide digital content through video lectures, books, regular tests and mock exams.

Besides, VLS aims to add courses and offerings to ensure coverage of students and professional education from an early age such as engaging with education institutions like K-12. Similarly, the firm also intends to expand its services to working professionals by providing them certain new certificate courses including courses under university-affiliated programs, which will further enhance VLS' brand presence.

VLS also plans to focus on both B2B and B2C models in the education sector particularly when corporates also require a highly skilled work force. "We are looking at developing the IT talent pool particularly in stack development and various other platforms, with IT skills and services in huge demand," says Suresh.

One of the key differentiators for VLS is its asset-light model with content and multiple delivery platforms, which can be its key drivers of growth. "We will continue to stay affordable while delivering the highest quality of education. Our centralized in-house process for curriculum and content development helps us maintain consistent standards and delivery across our learning channels," points out Suresh.

Big investors

VLS is planning to raise ₹200 crore to reduce debt and fuel its growth initiatives in the fast-growing ed-tech and training domain. Veranda is seeking to grow its pandemic-proof learning model for students and corporate training in terms of content digitization and campus-in-campus training. The fund-raise will be used to retire the acquisition consideration of Edureka.

As India is one of the big education markets, the firm is investing in the necessary infrastructure in technology, teachers and delivery models to cater to students and professionals in a big way.

With a clear vision for delivering content right down to the masses, the asset-light model has already found marquee investors supporting the venture. With non-promoter investors including Hemendra M. Kothari (3.05 per cent), and Shankar Naryanan among others, VLS has already made a good start in the field of education. The firm's brand building initiatives, high-quality education, Tier-2 and -3, acquisitions in the past should propel its next leg of growth. ◆

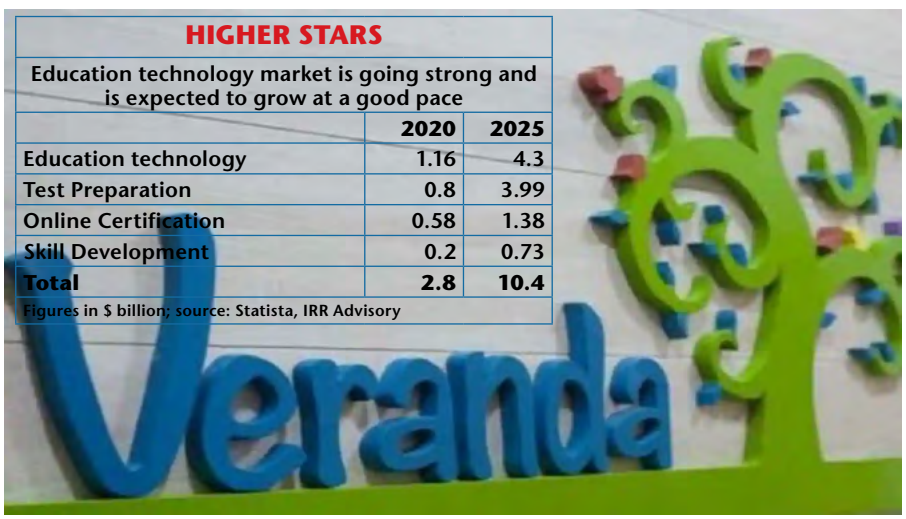
LANCELOT JOSEPH
lancelot.joseph@businessindiagroup.com

HIGHER STARS

Education technology market is going strong and is expected to grow at a good pace

	2020	2025
Education technology	1.16	4.3
Test Preparation	0.8	3.99
Online Certification	0.58	1.38
Skill Development	0.2	0.73
Total	2.8	10.4

Figures in $ billion; source: Statista, IRR Advisory



Giving wings to persons with disabilities

The Pankh program provides training and employment opportunities to the differently abled

A charitable trust gives hope to the disabled

With the dream of creating sustainable livelihoods for Persons with Disabilities (PwDs), in 2011, the Pankh, Wings of Destiny livelihood creation program, was born. Pankh is a livelihood creation program by the Trust for Retailers and Retail Associates of India (TRRAIN) – a public, charitable trust with a vision to empower people in retail.

TRRAIN's reason for supporting persons with disabilities in India, was the heart-wrenching fact that there are around 2.7 crore persons with disabilities in this country, and their employability is less than 1 per cent (according to the 2011 census).

There are various reasons for this abysmal figure, and with the Pankh program, TRRAIN hopes to tackle three barriers that are affecting it. The first is a lack of skilling and training opportunities; the second a lack of employment opportunities and the third a lack of awareness and advocacy among retail companies about the importance of inclusion.

With the Pankh program, TRRAIN has been working towards improving the lives of Persons with Disabilities from humble backgrounds, as well as their families. The Pankh program provides training and employment opportunities in the retail and allied sector and hopes to help them live a life of dignity.

The Pankh program model has tied up with local NGOs that work with PwDs and conducts mobilisation drives for them, establishing a pan India presence. After trainees get employment, they provide support to recruiters in order to help them match roles with a person's disabilities and conduct sensitisation workshops for the recruiter. In addition to this, the program is supported by corporate donors (CSR grants) as well as individual donors.

The Pankh program is particularly supportive of people with two disabilities – those with speech and hearing impairments and those who have locomotor disabilities. These people have either finished school or are undergraduates who hope to sustain themselves and their families. The Pankh program trains them for 30 days in retail-specific skills. It allows trainees to be a part of the program physically, at physical training centres, as well as virtually. Those who complete the program and graduate are supported with employment opportunities in retail and allied sectors. These individuals

are recruited as cashiers, warehouse associates, customer service associates, and the like.

Innovation has always been at the heart of TRRAIN, and for the Pankh program they are able to keep track of new skilling batches, beneficiaries' data, authentication and organising; each beneficiary is tracked from enrolment to graduation to placement. Each batch is also assigned to a donor.

Extending their scale and maximising their reach, in 2020 the Pankh program began online training and placement as well, with the support of the TRRAIN Circle app. The TRRAIN Circle app allows them to keep track of how much a trainee learns and makes learning simpler as the trainee can learn at their own pace; furthermore, TRRAIN Circle allows the trainee to keep a check on their mental health through a consultation service.

Since its inception in 2011, the Pankh program has been instrumental in creating livelihoods for Persons with Disabilities in the retail and allied sectors, and sensitising the general public. The Pankh program has impacted 20,000+ Persons with Disabilities and created livelihood for 72.14 per cent of them, with the support of over 2,000 employers.

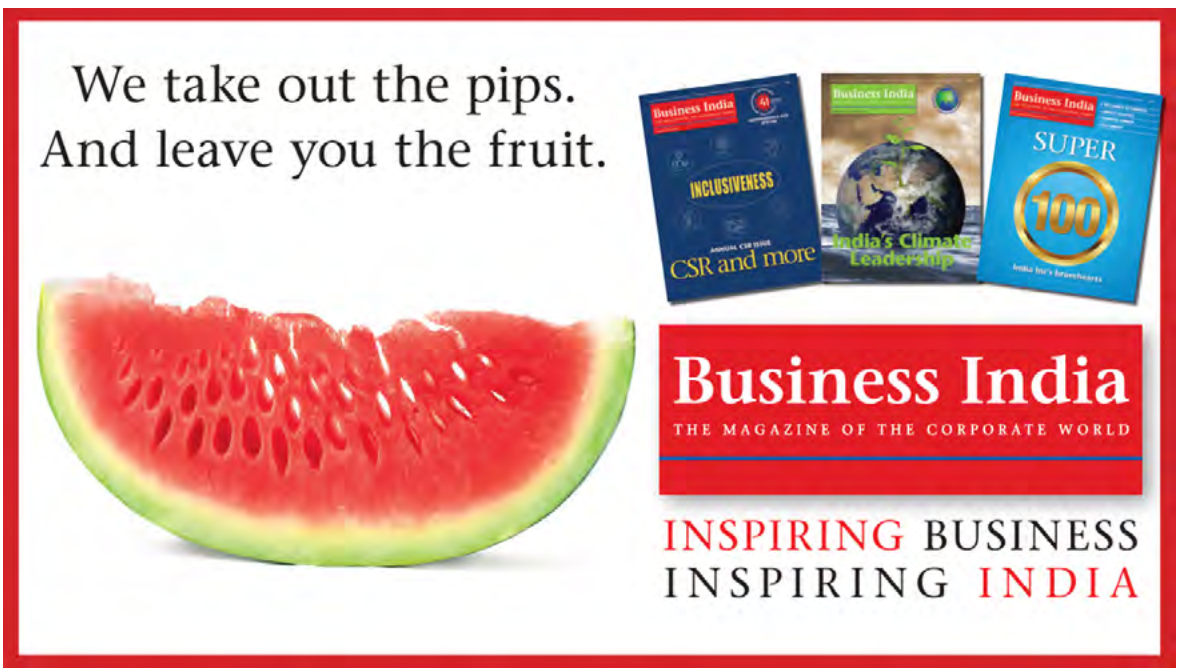
Making an organisation truly inclusive needs to be an evolving process. It is essential for organisations to ingrain the philosophy of 'inclusion and diversity' into the fabric of the organisation, among diverse group of people, to improve business performance and practices. Research indicates that PwDs have 7 per cent higher productivity rates compared to non-disabled employees.

With the Pankh program, TRRA IN aims to scale and impact over 10,000 Persons with Disabilities year on year

From understanding the needs of the industry and mapping these to individual capabilities, to creating awareness about the inclusion of PwDs amongst industry leaders and ensuring employment opportunities, TRRAIN, with the Pankh program, has moved from strength to strength with the support of its NGO partners, employers, donors and lastly, its beneficiaries – Persons with Disabilities and their families.

With the Pankh program, TRRAIN aims to scale and impact over 10,000 Persons with Disabilities year on year, supported by employers, communities, technology and local NGO partners. ◆

SHASHANK SHAH
feedback@businessindiagroup.com



Scouting land for new airport

The Bengal government is exploring to set up Kolkata's second airport under the Centre's guidelines

Kolkata airport: the largest hub for air traffic in the eastern part of the country

The West Bengal government has identified Bhangar in South 24-Parganas as the location to set up the second airport of Kolkata. Bhangar is about 35 km from the existing airport at Dum Dum. Land and land reforms officers are working with block-level to start basic work to find out whether plots would be available for the airport at Bhangar.

According to the aviation guidelines, the second airport would have to be established on at least 4,000 acres so that all modern facilities could be put in place. However, the state is reportedly looking for 7,500 acres so it can expand the capacity in the future.

Setting up a new airport was initiated by civil aviation minister Jyotiraditya Scindia. Last year during a programme organised by the Indian Chamber of Commerce he said, "Bengal is a key state in terms of our strategy related both to Northeast India and Southeast Asia. I am looking forward to a location for a second airport in Kolkata as well." The minister also thinks that most metropolitan cities need additional airports, as metro airports are pretty much bursting at the seams.

But there are murmurs in the aviation industry on the feasibility of the second airport in Kolkata since the city's present airport is far from utilising its optimum capacity. Both Centre and the state government should focus on increasing the passenger volume and number of international flights from Kolkata airport. The number of international destinations that have direct connectivity with Kolkata is negligible.

Not convenient

Incidentally, the Union government had earlier rejected Bengal's proposal to declare the Andal Airport as Kolkata's second aerodrome, citing it is located around 190 km from the city. So it would not be convenient for passengers to catch another flight at Andal after landing at the existing Netaji Subhas Chandra Bose International Airport. Hence the government is looking for land closer to the city.

Spread over an area of 1,640 acres, the existing Kolkata airport is the largest hub for air traffic in the eastern part of the country and one of two international airports operating in West Bengal, the other being Bagdogra.

The airport handled 22 million passengers in the financial year 2019-20, making it the fifth-busiest airport in India in terms of passenger traffic after Delhi, Mumbai, Bengaluru and Hyderabad. The airport is a major centre for flights to Northeast India, Bangladesh, Bhutan, China, Southeast Asia and Middle Eastern cities.

The Mamata Banerjee government emphasises on improving air connectivity in Bengal, as industry and commerce are being the thrust areas for her. It is reported, for the new proposed airport, the state government ordered the district authorities to submit a status report on the ground realities to the state headquarters soon. The government would initiate further action based on the status report.

Meanwhile, the state government had also proposed in the budget to upgrade Andal Airport as an international aviation centre as it will lead to huge investment in the Paschimanchal (western) districts besides generating a huge employment opportunity. A fund of ₹150 crore was also allocated for the upgradation. The move has also been taken to operationalise the airfields including Hasimara in Alipurduar, Charra in Purulia, Kalaikunda, Malda, Balurghat and Cooch Behar.

While the state government has identified Bhangar as a potential spot for the new airport, acquiring the contiguous plots may not be a cakewalk for the government. In 2017 Bhangar saw violent agitation over Power Grid Corporation's land acquisition.

A section of people think that the new airport will change the landscape at Bhangar. The government would also offer suitable compensation to the land owners. It is believed that the government had already contacted the anti-land acquisition committee that had spearheaded the movement against the Power Grid Corporation project and convinced the panel that the airport would be beneficial for the local residents.

Scindia's ministry is committed to improving connectivity on both regional and long haul international routes. The government has set a target of raising the number of airports to 220 by 2025 from 136 at present. Only time will tell its achievement. ◆

SAJAL BOSE
sajal.bose@businessindiagroup.com

Get Business India Digital Version on

MAGZTER DIGITAL NEWSSTAND TAP • READ • ENJOY | readwhere digitize | distribute | monetize | BARNES & NOBLE

Business India
THE MAGAZINE OF THE CORPORATE WORLD

The game changer

ESG is about creating a tangible and practical plan that achieves real outcomes

Environmental, Social and Governance – between these three words lies our hope for today and tomorrow. ESG creates sustained outcomes that drive value and fuel growth, whilst conserving our environment and strengthening societies. ESG is more than just good intentions. It's about creating a tangible and practical plan that achieves real outcomes.

As companies in India take a step towards helping the country grow, it is imperative to reiterate the attention towards conserving the environment. This awareness has already begun finding its roots in the system; companies have become more aware, and brands have started taking precautionary methods to protect the environment. ESG norms require companies to be socially responsible businesses and align their wealth and value-creation activities with the interests of the larger group of stakeholders, ie, the employees, the environment, and society at large.

So how is helping the environment eventually going to help us? 'Eventually' denotes a future outcome, but the norms dictated by ESG have immediate effects.

Given how abundant renewable resources are, we will never fall short if we choose to change our ways of functioning. It's high time we become mindful of our actions and reduce needless forms of consumption. Thoughtlessly consuming short-lived products is a threat to us and the environment. When society has certain needs, products are produced on a mass level, and this causes an increase in waste and the overfilling of landfills. Disposing of the waste created is a taxing, polluting, and never-ending process. This act of overconsumption trails into various stages of lives and livelihoods; disposal to production and even sourcing of these objects has an impact on the environment. Everyone has been following the herd, and people need to remember the difference between 'needs' and 'wants' if we are to sustain our future generations.

ARUN MISRA

The author is CEO, Hindustan Zinc

We need to consume sustainably, start acting responsibly and value our lives and the environment we live in. Focusing on sustainable living will help us achieve this goal.

When 2020 hit, the world stood still. Normalcy was a state of the past, but now, we've learned to knit our lives around the pandemic. Post-Covid, we understood our actions have an impact that poses a grave threat if misused. However, one thing that won't change is the value of our lives. We realised not only how valuable life is, but also how critical it is to maintain our health. When you look at the larger picture, our health depends upon our environment, and our environment is dependent on the climate. Climate change is most prominent in people's minds across the globe, including political leaders, businessmen, activists, and society. The speed at which climate change is occurring is a wake-up call. After so many decades and centuries of overusing the environment, nature has decided to push back.

Now is the time to step back and reduce and change the focus towards renewable energy sources. Everything has a limit, and when we learn to pull back and work within our boundaries, not only will we be respecting nature, but we will also be preserving it. This is what ESG stands for: giving back to nature what is truly hers. Customers are changing their preferences and are opting for sustainability in their everyday life and as we work towards this goal, it is pertinent to remember that we are responsible for and can influence their conscious choice-making. The behaviour of society is changing for the better, albeit slowly.

Our DNA was to develop, construct, and nurture – not vandalise – nature. So, let us redouble our efforts to achieve net-zero emissions to safeguard the world for future generations. We are all on this journey together and pledge to make the world a better place for everyone! ◆

We take out the pips. And leave you the fruit.

INCISIVE ◆ CREDIBLE ◆ AUTHORITATIVE

Business India (Fortnightly; Cover Price: ₹**100**)

Number of issues	Newsstand price	You Pay only	You save	Save %
26 (1 Year)	2,600	2,210	390	15
52 (2 Years)	5,200	3,900	1,300	25
78 (3 years)	7,800	5,070	2,730	35

Overseas (One year only) Airmail to Pakistan ₹9,400 or US$142.
To all other countries ₹13,200 or US $240. Rates include airmail charges.
Subscription Rates subject to change without prior notice.

Business India
THE MAGAZINE OF THE CORPORATE WORLD

INSPIRING BUSINESS
INSPIRING INDIA

NAME:

ADDRESS:

CITY: PIN: STATE:

COUNTRY EMAIL: JOB TITLE:

INDUSTRY: COMPANY:

TEL: MOBILE:

MY CHEQUE/DD NO.: DATE DRAWN IN FAVOUR OF **BUSINESS INDIA PUBLICATIONS LTD.**

FOR ₹: DRAWN ON IS ENCLOSED HEREWITH.

Please mail this coupon to:
Normal, 14th Floor, Nariman Point, Mumbai-400 021.
Telefax: 22820348 / 22820619. Email: subs@businessindiagroup.com

NEW ISSUES

Fortune maker

As the fifth fastest growing packaged food, AWL eyes the IPO market

The Adani group is taking its flagship company, Adani Wilmar Ltd (AWL) public, making it the seventh entity of the group to be listed on the bourses. The FMCG major's IPO is the first in the group in nearly 12 years. The Adani group's shares have been fancied across the board, and this IPO will further enhance the group's market value.

AWL is among the top five fastest growing packaged food and FMCG companies in India, based on the growth in revenues during the last five years, says a Technopak report. AWL also offers a diverse range of industry essentials, including oleo chemicals, castor oil and its derivatives and de-oiled cakes. AWL's refined oil in the consumer packs market share is a hefty 18.3 per cent, making it the number one edible oil brand in the country.

AWL's IPO is the second to tap the market in 2022 and comprises a fresh equity issuance of ₹3,600 crore. AWL's price band at ₹218-230 values the firm at a market capitalisation of ₹29,900 crore at the upper end. The promoters and existing shareholders will continue to hold 87.92 per cent of the company post the IPO, while the public will hold the remaining 12.08 per cent stake. With the IPO proceeds, AWL will reduce debt, raise production capacities and also fund acquisitions.

While 'Fortune' is the largest selling edible oil brand in India, AWL has also leveraged brands and distribution networks. Since 2013, AWL has been offering a wide array of packaged foods, including packaged wheat flour, rice, pulses, besan (gram flour), sugar, soya chunks and ready-to-cook khichdi.

As a strategy the firm also has built masstige brands, including 'King's', 'Aadhar', 'Bullet', 'Raag', 'Alpha', 'Jubilee', 'Avsar', 'Golden Chef' and 'Fryola'. These brands are placed strategically in markets to compete with regional brands with competitive pricing.

Mallick: building blocks in place

In recent years, AWL has been further leveraging brand 'Fortune' to increase focus on value-added products with an aim to diversify revenue streams and generate high profit margins. Products launched in recent years include functional edible oil products such as rice bran health oil, fortified foods, ready-to-cook soya chunks, khichdi, and FMCG products.

"We believe we have the building blocks in place to continue to deliver market leading growth. We will continue to leverage the strengths of our promoters, our strong brand 'Fortune' and our integrated business model to increase our profitability and competitiveness," says Anghsu Mallick, CEO and MD of AWL.

AWL's strong raw material sourcing capabilities are due to its long-standing and extensive business networks, strong promoter and its partnership with the Wilmar Group, one of Asia's leading agribusiness groups.

AWL is one of the largest importers of crude edible oil, as of 31 March, 2021. With 22 plants strategically located across 10 states in India, comprising 10 crushing units and 19 refineries, AWL has a dominant presence in the edible oil market. The Mundra refinery in Gujarat is the largest single location refinery, with a capacity of 5,000 MTPD.

AWL's integrated manufacturing infrastructure helps it derive cost efficiency across its different business lines with crushing units fully integrated with refineries. Such integrated manufacturing infrastructure has enabled it to share supply chain, storage facilities, distribution network and experienced manpower among different products and reduce the overall costs for processing and logistics.

AWL also benefits from the largest distribution network among all the branded edible oil companies in India. AWL is present in one out of three households in India, with a household reach of 90.51 million through its 'Fortune' brand. It has 5,590 distributors located in 28 states and 8 union territories throughout India, catering to over 1.6 million retail outlets.

AWL will also scout for acquisitions of manufacturing units or brands in the food staples business such as wheat flour, rice and besan (gram flour), ready to cook and ready to eat segments.

The penetration of packaged foods in India remains low, which provides significant potential for growth for packaged edible oil and food products. Favourable demographics with urbanisation and a rise in the middle-class population, gradual expansion of modern retail including e-commerce, convenience and healthy eating trends, support this.

"We all agree that India is a young nation and will continue to consume more good quality products. With the shift to branded products, Fortune being a trusted brand, AWL will strive to increase its market share. The strength of our distribution network, integrated manufacturing complex, sourcing and economies of scale will support sustainable high growth and margin expansion going forward," concludes Mallick.◆

ADANI WILMAR

ISSUE SIZE
₹3,600 crore

PRICE-BAND
₹218-230

ISSUE DATE
27-31 January, 2022

MARKET CAPITALISATION
₹28,528-29,900 crore

PROMOTERS HOLDING (POST ISSUE)
87.92 per cent

PUBLIC HOLDING (POST ISSUE)
12.08 per cent

LANCELOT JOSEPH
lancelot.joseph@businessindiagroup.com

Intrinsic valuation

The book explains how business valuation empowers people to gain insights and control in the realm of investing

SIMPLIFYING THE ART OF INTRINSIC VALUATION
VALUE IT UP
WITH ILLUSTRATIVE TABLES AND INSIGHTFUL STORIES
RATTAN JONEJA

VALUE IT UPSIMPLIFYING THE ART OF INTRINSIC VALUATION

By: Rattan Joneja

Published by: Notion Press Media

Pp: 194; ₹1,499

Millions of millennials have taken to stock trading this pandemic. There has been a sudden boom and in such times when several young professionals are eyeing to invest in the Indian stock market, Venture Capitalist Rattan Joneja's newly published book 'Value it Up' lands the market at the right time.

Titled *Value It Up: Simplifying the Art of Intrinsic Valuation*, the book talks about simplifying the art of valuation which will help the audience to develop a framework for business valuation. It is a perfect read for all first-time investors, aspirants, equity research analysts and students. The book also explains how business valuation empowers people to gain insights and control in the realm of investing.

To guide potential investors with the complex investment process, Joneja, a veteran stock market investor, launched this book just in time. If you are an aspirant investor or a business owner, it is essential to understand the difference between factors like price and value. The book goes on to explain what an intrinsic valuation is and how it can be a game changer by empowering investors with this knowledge.

Currently, there are over 700 million investors in the world and many more are set to join the pool. An industry study indicates that retail participation in Indian stocks has risen, and the number of demat accounts have also increased to 70 million in India. As the global market flourishes, it creates curiosity amongst the investors on how the markets are valued. It is to capture the returns offered by the market without understanding the gap in price and value and here's where the book comes into the picture. Joneja shares his insights and elucidates the Art of Valuation.

He talks about key growth drivers and also explains the concepts with real-life examples and computations, attempting to shape up investors' knowledge and give a direction on the key determinant of quintessential successful investment decisions. The book takes you on a powerful journey of the nitty-gritty of stock investing, learning about the business and the influence of intrinsic valuation.

Joneja: immense accuracy

As the popular adage goes, "Don't dive in deep water if you don't know swimming basics." This saying holds just right even for the stock market. It can be a risky affair to invest your money if you do not understand the elementary concepts. While the stock market can help you churn out huge profits, it needs you to be well-informed about the market practices and the company in which you are planning to invest. In order to help the beginners ace at this, the book shares powerful and inspiring stories of well-known and successful investors like Warren Buffet and shares the lessons that we can learn from them.

Donning over 25 years of experience in the field, Joneja is also co-founder of CoValue - An App, he is passionate about creating value for corporates and investors. He holds immense accuracy and strength in empowering and applying his knowledge, research and creativity to reshape the way investors think and apply their skills.

Besides giving clarity on the subject and explaining several concepts at play, Joneja illustrates his insights through numerous case studies to educate the readers. The concepts have been explained with the help of simple calculations, charts and it talks about how to measure whether a company is worth the investment.

Furthermore, *Value it up* has several celebrity-investors stories to explain the value drivers and their importance in Valuation. The Framework is also useful to get on point the value factor and understand how new-age companies around this model.

Reading this book is not just an educational journey but is also an enriching and immersive experience. Some of the case studies are totally amusing. For example. There are examples of how Google saves its tax; Michael Burry's 'Credit Default Swap' instrument showcasing his visionary thinking in the time of sub-prime crisis; revolutionary concepts by philosophers and economists that still hold true today, and many more.

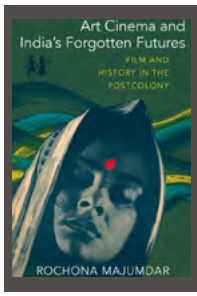
Backed with great, inspiring quotes and a useful concept explained with immense simplicity makes this book a must read for investors, students and researchers alike. For young entrepreneurs, this book can become a rulebook to abide to. Value It Up is insightful and educational, it is a great effort in the right direction of empowering investors.

To conclude, here's an evocative saying that nails the purpose of stock market investing: "How many millionaires do you know who have become wealthy investing in saving accounts? I rest my case." – Robert G. Allen ◆

SHERLYN PEREIRA
feedback@businessindiagroup.com

Tribute to an unrealised future

Unparalleled insights into the genesis of Indian art cinema, especially through its three foundational figures



ART CINEMA AND INDIA'S FORGOTTEN FUTURES: Film and History in the Postcolony

Rochona Majumdar

Columbia University Press

Pp: 307; ₹699

Perhaps it is fitting that just as the Indian government announced the "rationalisation, closure and merger of film media units" i.e. Films Division (FD), Directorate of Film Festivals (DFF), National Film Archive of India (NFAI) and Children's Film Society of India (CFAI) with the National Film Development Corporation (NFDC) recently, here's a book that looks at how and why these institutions emerged and the roles they were envisaged for.

In Art Cinema and India's Forgotten Futures, Rochona Majumdar, an associate professor in the Departments of South Asian Languages and Civilizations and Cinema and Media Studies at the University of Chicago, has traced the early history of Indian art cinema.

Of course, the Indian art cinema was a project, many-headed and multipurposed. "Indian art cinema sought to understand and communicate a sense of the postcolonial present that, despite bearing the scars of colonialism, was nevertheless poised towards a future of progress and development."

Yes, good films would lead to good citizens, it was hoped. "As a discursive formation, art cinema in India did not just denote a body of films but also included a constellation of objects, institutions, and practices such as filmmaking, film societies, writings about cinema in film society publications, trade and little magazines, film appreciation, theatrical and non-theatrical screenings, and the establishment of a host of state events and institutions for the improvement and promotion of films." The book clarifies though that this was not an "arm of the nation state" and that the separation of the state and cinema was the norm, despite some state financing of cinema.

She points out the equation of good films to good citizens unravelled quite early, "giving rise to deep-seated civil unrest, disruptive rage, and political violence" by the late 1960s. She notes that films of the three major filmmakers examined in the book – Satyajit Ray (1921-1992), Mrinal Sen (1923-2018), and Ritwik Ghatak (1925-1976), moved from this equation, instead of engaging with the present and discounting a 'clearly conceivable future'. Referring to their creative processes, both alignments and differences, she notes "their commitment to the cause of good films as a way to engage the postcolonial present and imagine different futures".

The book's two parts – the first outlining the history of art cinema in India, its formation, the role that myriad individuals, not all Indian, played is complemented with detailed introspection of a trilogy each by Ghatak, Sen and Ray (not Apu, but the city trilogy). While the book makes no claim to cover the entire gamut of art cinema in India – indeed there are claims the 'New Wave' began in1969 – almost the end of this book's time period, its detailed analysis and contextualisation of the Indian art film project is unprecedented and the likely benchmark for all future projects on the discipline. A must, not just for cinephiles but for anyone who wants to understand independent India's early journeys. ◆

SUMAN TARAFDAR

feedback@businessindiagroup.com

The book delves into a trilogy each by the three auteurs, arguing that they moved from the narrative of the developmental nation state to an engagement with the present.

Ritwik Ghatak
Meghe Dhaka Tara (The Cloud Capped Star, 1960)
Komal Gandhar (E-Flat, 1961)
Subarnarekha (The Golden Line, 1962)

Mrinal Sen
Interview (1970)
Calcutta 71 (1972)
Padatik (The Guerrilla Fighter, 1973)

Satyajit Ray
Pratidwandi (The Adversary, 1970)
Seemabaddha (Company Limited, 1971)
Jana Aranya (The Middleman, 1975)

Majumdar feels Ray's Calcutta trilogy portrays a stalled temporality, "a refusal or inability to think into the future" Sen's Calcutta trilogy offers up the angst of the angry young first

THE POPULAR DELHI-BASED NORTHEAST FESTIVAL SHIFTED CITIES AND WENT PARTLY DIGITAL TO REGALE AUDIENCES ONCE AGAIN IN ITS NINTH EDITION

Northeast, at a new venue

Multiple sessions highlighted the considerable scope of the region

In a world where change has been more constant than usual, shifting an entire festival from one city to another well over a thousand kilometres away barely broke the headlines. Yet, for Delhi's popular Northeast Festival, which had to postpone its ninth edition from December to January, and then move to Assam's capital Guwahati, it was no mean feat, especially as the event was put up literally overnight.

"Every year, we do the festival in Delhi, and this festival is for Delhi," stressed Shyamkanu Mahanta, Founder, The Northeast Festival. The festival, which began with the aim to addressing the attacks against people from the North eastern states and create awareness about the bountiful region of the East by presenting the diverse culture on one platform, and has been held annually in the Indira Gandhi National Centre for Arts (IGNCA) in the midst of Lutyens Delhi – which incidentally was out of bounds due to the ongoing Central Vista renovation. While an alternate venue was booked, and then changed at seven days' notice once the latest variant of Covid-19 began spreading, even permission for the latter venue was later withdrawn.

Mahanta: 'this festival is for Delhi'

Shifting venue "On 31 December, I came back to Guwahati and spoke to my team, and booked a venue called Veterinary Ground," Mahanta added. "Assam was not Omicron impacted then. However, on the fifth, even that venue was changed to a hotel as Omicron cases showed up here too. A lot of people backed out as they never wanted a place where lots of people could come. A lot of sponsors backed out. The biggest challenge became to get financial closure and to do the programme. Not being in Delhi was a big setback, our audience is there."

However, despite all the challenges, the festival went ahead, with a lot of live streaming becoming a new way to reach out. Sessions on tourism saw stakeholders from across India address how to augment the sector in the region. Attendees included several tourism ministers from the region's states. Several Union ministers joined sessions digitally, including the minister for the Development of North Eastern Region (DoNER), G Kishan Reddy, while the former chief minister of Assam and current Minister of Ports, Shipping and Waterways, Sarbananda Sonowal made it to the event in person, addressing an enclave on the Brahmaputra basin. The festival, which provides a platform for entrepreneurs, investors, and business to connect, brought in new audiences via online. "Digital is good for policy and investment sessions, but for food and crafts, physical presence is a must," Mahanta said.

It wasn't all about policy and investment though. The festival's chief currency has been its showcasing of the region's cultural wealth and diversity, and that was again the cynosure with a range of participants, including the presence of Olympic medallist Lovlina Borgohain, who walked the runway wearing an Assamese traditional mekhela chador part of the wedding collection designed by Bidyut & Rakesh. Some of the region's best known cultural icons, such as Adil Hussain and the music brand Rhythms of Manipur, besides a host of traditional performers, were on hand to enthral the audiences.

Mahanta promised that the next edition – scheduled for November in Delhi – would be bigger and better, though he does not rule out a festival in the northeast. "The aim is to showcase the northeast, and the media can communicate our message, and Delhi is very important for that." ◆

Performances of local cultural expressions were very popular with the audiences

SUMAN TARAFDAR
feedback@businessindiagroup.com

Daring drive

Based on the ground realities of nearly five years of service as the 24th Lt. Governor of Puducherry, **Kiran Bedi** has penned her journey of governance in a book, **Fearless Governance**. The book was launched online by legends – Indra Nooyi, former Chairperson and CEO of PepsiCo and Prof Debashis Chatterjee, Director, IIM Kozikhode who talked about leadership of the future. "Fearless Governance is a blueprint for good and effective governance. The leadership practices cut across public and private sectors," says Nooyi, "Gutsy Governance! Eco-centric leadership. The legend of Kiran Bedi will live through the pages of this book long after she calls it a day!" says Prof. Chatterjee, The book captures Bedi's fearless moments, administrative acumen and innovative initiatives in Puducherry. Published by Diamond books, the title will be translated into all major Indian languages and available on all major platforms in print and in e-book format. Royalties of the book are dedicated to causes in Puducherry and Dr Bedi's two Foundations – Navjyoti India Foundation and India Vision Foundation. ◆

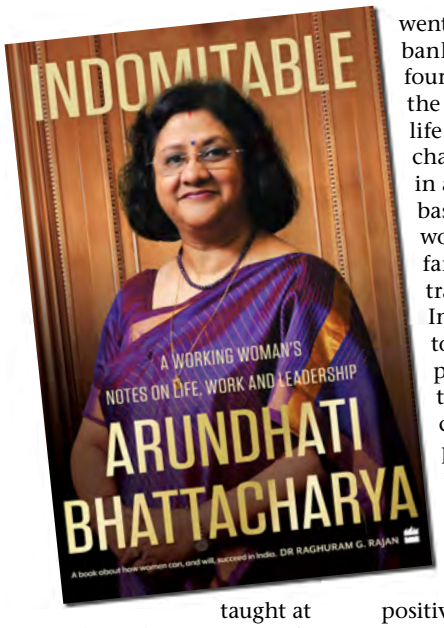
Challenges and joys

SANJAY BORADE

In her autographical work, **Arundhati Bhattacharya** takes the reader through her childhood and early education in the 1960s, getting to Kolkata for her college education and then into the State Bank of India (SBI), where she started her career. Starting from her early years in Bhilai and Bokaro, where her engineer father was posted, to later working in Kharagpur (where her husband

Power of skills

National Skills Development Corporation (NSDC) and Automotive Skills Development Council (ASDC) hosted the 2021 edition of India Skills 2021 Competition in Mechatronics and Prototype Modelling Skills at the premises of Toyota Kirloskar Motor in Bidadi. , **Karthik Gowda** in Mechatronics and **Likith Kumar** in Prototype Modelling Skills from TKM representing Karnataka have bagged first place in the competition. These winners will be undergoing rigorous training at TKM including in other specialised centres, and the best performer will represent India and put their skill to test in the World Skills Competition 2022, which will be held in Shanghai, China. **Ved Mani Tiwari**, COO, NSDC said: "The India Skills Competition aims to create a pool of talented and skilled workforce, who will fuel the economic growth of the country in the future. The competition offers a national platform to the youth and exposure to global training standards. It is a step towards discovering the power of skills and making vocational training aspirational for the youth." Sharing his thoughts on the competition, G Shankara, Vice President, HR and Services, Toyota Kirloskar Motor said: "At TKM, we understand that in a rapidly changing industry like ours, we need to equip students with the knowledge and skills that are aligned with industry requirements. Towards achieving this goal, TKM is committed to build a self-reliant and globally competitive value chain through tremendous efforts and investment in human development which stems from Toyota's belief that people are the most important assets. This is in alignment with our mission of 'Producing Happiness for All' by sharing our know-how and developing youth into world-class technicians.
TKM strongly believes in promoting skill development which is the backbone for realizing Atmanirbhar Bharat. We thank NSDC and ASDC for providing TKM an opportunity to host the India Skills Competition 2021 in Mechatronics and Prototype Modelling Skills." ◆


INDOMITABLE
A WORKING WOMAN'S NOTES ON LIFE, WORK AND LEADERSHIP
ARUNDHATI BHATTACHARYA
A book about how women can, and will, succeed in India. DR RAGHURAM G. RAJAN

went on to have a glorious banking career spanning four decades. Indomitable is the story of Bhattacharya's life as a banker and the challenges she faced in a male-dominated bastion. The life of a woman banker with a family in a frequently transferrable job isn't easy. In Bhattacharya's life, too, there were breaking points when she almost thought of quitting her career to balance her personal aspirations with her family's needs. But she didn't give up. Instead, she faced her challenges with humour and positivity and took up every assignment as a new chapter in learning and adapting. In her role as the chairman of SBI, she steered the bank through some of its worst phases. She inspired confidence in the banking sector when the NPA crises led to a significant public-trust deficit. Under her leadership, SBI metamorphosed into a customer-centric and digitally advanced bank while playing a pivotal role in national development. ◆

taught at the Indian Institute of Technology) and Kolkata, Bhattacharya writes with sparkling honesty and humour about the challenges and joys of coming up in the (business) world from small-town India with no particular backing from anyone influential. It was sheer chance that she came to know of the bank probationary officers' entrance examination through a friend. She applied, was selected and

Right time!

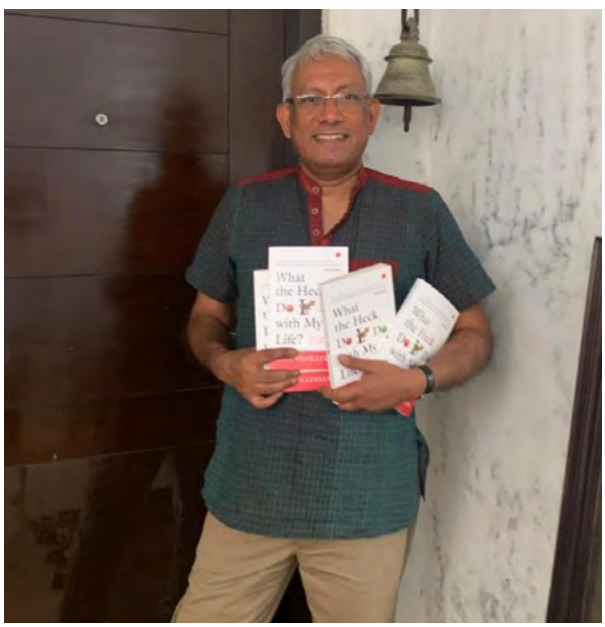
Serial entrepreneur **Sharath Shanth**'s new book **'It's Your Decision – Do It Now!** is an indispensable handbook on beating procrastination and making choices in everyday life. The book carries Sharath's insights on everything from coping with a break-up in a relationship to

asking the right questions when buying a business to how to survive a hangover. For the author, procrastination is one of the leading causes of failure. Even if you do fail when you attempt something, that failure may lead to your next great success. Thus, the concept of 'Do It Now is the mainstay of this book. It argues that there is never a more critical time in your life than 'now'.

But, unfortunately, so many people delay deciding to take steps to change their lives; they make excuses and reasons why they would fail and don't make the next move. The book aims at changing the way human minds are wired to think about tasks and their timelines. Talking about his new book, Shanth says: "I believe in the power of the written word and hopes this book will spark your imagination and empower your decisions." ◆

Making deliberate choices

He has been there, done that. Veteran business executive **Ravi Venkatesan**, now the co-founder and chairman of Social Venture Partners India, has been chairman of Cummins India, Microsoft India and the Bank of Baroda board, and co-chairman of the Infosys board. With all those positions behind him, however, he insists that now is the best time for "anyone with the mindset of an explorer and skillset of a changemaker". Venkatesan, who has just come out with a book titled **What the Heck Do I Do with My Life?** says it is necessary to "live life more intentionally, making deliberate choices… rather than being carried along like a piece of driftwood". Using examples from his own corporate lives as well as those of others, he says: "The new century requires a paradigm shift – a different mindset, new skills and new strategies. Think of the ideas here as Lego blocks; examine them, see what fits and feel free to discard the rest." The book, described as "a must-read guide to flourish in an uncertain, turbulent, exciting world", makes the point that only those who can adapt to this fast-flowing volatility will flourish, while those who can't will 'suffer greatly'. Eight years ago, he had also written Conquering the Chaos, a book that exhorted readers to "win in India, win everywhere" to take advantage of the large number of multinational corporations that were then looking at entering the market here. ◆



"Uttarakhand needs an image change"

After emerging as the Congress party's trouble shooter in Punjab, Harish Rawat, former Union minister and chief minister of Uttarakhand, is leading the Congress campaign in the poll-bound hill state. He could be the next chief minister of the state in the event of a Congress victory

What is your main plank in this election?

We are seeking change not only for power but also for the preservation of democracy. By changing chief ministers thrice, the Centre and the BJP have acknowledged the failure of the 'double engine' government. This is an insult to parliamentary conventions, and people were not told why changes happened. Why the second CM was appointed remains a mystery. Only two people, the PM and the Union home minister, know the reason. The third CM was also going to become a casualty but managed to stay. Uttarakhand is feeling a sense of insult.

What can be more anti-development than the fact that one of the chief ministers, who was removed, was piloting the state budget as finance minister. Uttarakhand reported the highest Covid-19 death rate in the country and the BJP government mismanaged the pandemic.

People want a change and are saying so openly.

How would you describe the state of the Congress today?

Sometimes a batsman is out of form in cricket. Congress' form is also slightly low now. We'll regain our form, I want to assure people of the country.

Are you saying you are in low form when you are leading the Congress campaign in Uttarakhand?

I said this in the context of the entire country. In Uttarakhand we're in form, we have good bench strength of in-form batsmen here.

Why have the regional parties taken the space once occupied by the Congress in states? Can the Aam Aadmi Party emerge as a regional force in Uttarakhand?

Regional parties are mostly succeeding because they are following the policies of the Congress. AAP is not a serious contender and the party will play spoiler in the assembly elections.

The BJP is cashing in on the legacy of the late Chief of Defence Staff, General Bipin Rawat, in Uttatarkhand. His brother has now joined the party. Are you worried about that?

General Bipin Rawat was the pride of Uttarakhand. His legacy cuts across party lines. I am not aware under what circumstances his brother joined the BJP but the family has been a supporter of the Congress.

I had the opportunity to speak to the late CDS on a few occasions to learn about his ideas on Uttarakhand. He was an upright officer who spoke of several plans that could be implemented for the well-being of the people of Uttarakhand, especially in remote hill areas. If voted to power, the Congress government will try to fulfil his vision and wishes for the state.

Do you have a blueprint for the development of Uttarakhand?

During the last five years, a very negative message has being going out from this state. It is now believed that this is a state of disaster, hate speeches, non-governance and political instability. The state needs an image change which will have to be thought out carefully once the picture about its finances becomes clear. If voted to power, we would create an Uttarakhand, free from unemployment, inflation and migration. We would also script a new chapter in women empowerment.

Nothing has been done by any government department. Be it education, irrigation, public works or any other department. Each of them has come to a standstill. Development in Uttarakhand has virtually gone for a holiday.

In 2017, when the Congress lost the election, my government had left enough money in the state exchequer to meet the needs for at least four months. No fresh revenue collection had been made by the BJP dispensation during that period. There was a reduction in central grants to Uttarakhand despite the funding pattern for the state being restored to the 90:10 ratio. We had fought with the Centre to get the funding pattern for Uttarakhand restored to 90:10. Our efforts paid off with the Union Finance Ministry restoring the funding pattern.

The speeches made at the Dharam Sansad in Haridwar called for the genocide of Muslims. But the persons who made the speeches are being treated with kid gloves. What is your position on this?

We will go by the law of the land that deals with promotion of religious enmity and insult of religious beliefs. We will punish those accused in Haridwar hate speech case if the party comes to power. ◆

iifl.com

IIFL MARKETS

Trust of **30 lakh+** Investors

Get real time Stock updates, News, Research, Portfolio, Tips and Trade at lightning fast speed with IIFL Markets App.

SMS **IIFLAPP** to **56767**

GET IT ON Google Play

Download on the App Store

IIFL Group | IIFL Securities Ltd., IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane - 400604. • Tel.: (91-22) 2580 6650 • Email: advise@indiainfoline.com o Customer Service: 40071000 • NSE SEBI Regn. No. :INB231097537/ INF231097537/ INE231097537 • BSE SEBI Regn. No.: INB011097533/INF011097533/BSE Currency • MCX Stock Exchange Ltd. SEBI Regn. No.: INB261097530/INF261097530/ INE261097537 • United Stock Exchange Ltd.: SEBI Regn. No.:INE271097532 oDepository: IN DP NSDL: 185 2016, IN DP CDSL: 352 2006o PMS SEBI Regn.: INP000002213 • ARN: 47791 • India Infoline Commodities Ltd.: NCDEX Membership No. NCDEX- CO-04- 00378, MCX Membership No. 10470 • Loan products are offered by India Infoline Finance Ltd. • Investment in securities market are subject to market risks, read all the related documents carefully before investing. The screens and scrips are for creative representation only. *Under the AMO facility, clients can place orders even after market hours. The securities quoted are exemplary and are not recommendatory.

iifl.com/aaa

AAA ADVISOR₹ ANYTIME | ANYWHERE | IIFL SECURITIES

IT'S AAALL YOU NEED

TO BE AN **INDEPENDENT FINANCIAL ADVISOR***

India's unique tab based solution

Zero Capital, Office or Manpower Required

- Offer your clients multiple financial products
- Earn higher commission
- Monitor portfolios and generate reports

FREE TRIAL FOR
3 MONTHS#

Give a missed call on
080 3008 8504

Investment in securities market are subject to market risks, read all the related documents carefully before investing.

#₹25,000/- Refundable Security Deposit. *Independent Financial Advisor and Franchisees are registered Authorised Persons of IIFL Securities Limited with Exchanges. IIFL Group I IIFL Securities Ltd., IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane - 400604. Tel.: (91-22)2580 6650. Customer Service: 40071000. Stock Broker SEBI Regn.: INZ000164132. NSE: 10975 BSE: 179 MCX: 55995 NCDEX: 1249 Depository: INDP1852016. MF Distributor ARN: 47791. PMS SEBI Regn,: INP000002213. Investment Adviser SEBI Regn.: INA00000623. Research Analyst SEBI Regn.: INH000000248. Loan products are offered by IIFL Finance Ltd. & IIFL Home Finance Ltd. Kindly refer to www.indiainfoline.com for detailed disclaimer and risk factors.